The American Economic Review

VOLUME XXVII ... SEPTEMBER, 1937

Publication Office: 450 Ahnaip Street, Menasha, Wis.

Executive Office: American Economic Association, Northwestern University, Evanston, Ill.

Editorial Office: [illegible], Cambridge, Mass.

Entered at the post office at Menasha, Wisconsin, as second-class matter. Acceptance for mailing at special rate of postage provided for in the Act of February 28, 1925, embodied in paragraph 4, section 412, P. L. & R., authorized September 14, 1934.

Price, in paper, $1.25

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Officers of the American Economic Association

THE AMERICAN ECONOMIC REVIEW is published four times a year, in March, June, September, and December, at 450 Ahnaip St., Menasha, Wisconsin.
Correspondence in regard to contributions to the REVIEW should be sent to the Managing Editor, Professor Davis R. Dewey, 222 Charles River Rd., Cambridge, Massachusetts, or to members of the Board of Editors.
Books for review should be sent to the Managing Editor.
Publication offices of the AMERICAN ECONOMIC REVIEW, 450 Ahnaip St., Menasha, Wisconsin, and Evanston, Illinois. Office of the Secretary of the American Economic Association, Northwestern University, Evanston, Illinois. Membership dues are five dollars a year; life membership, two hundred dollars.

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Vol. XXVII SEPTEMBER, 1937 No. 3

MONOPOLY AND COMPETITION: A CLASSIFICATION OF MARKET POSITIONS

The concepts of monopoly, imperfect competition, monopolistic competition, oligopoly, etc., as used in recent writings are in need of re-definition. The classification of market positions suggested here distinguishes, first of all, "sellers conscious of their rivals' reactions" from "sellers heedless of rivals' reactions." The first group is divided into duopoly and oligopoly with differentiated and with standardized products; the second group is divided into monopoly, monopolistic competition and pure competition. The terms "perfect" and "imperfect" are used to denote immobility of factors, degree of friction, speed of adaptation; they refer, therefore, to potential changes in demand for the product of individual sellers due to a flow of factors into or out of an industry. Competition may be pure and perfect, pure and imperfect, monopolistic and perfect, monopolistic and imperfect; the first in each of these pairs of adjectives refers to the shape of the demand curve, the second to its position in relation to the cost curves. Subtle distinctions such as those between "potential competition of the imperfect monopolist," "monopolistic imperfect competition," and "oligopoly with differentiated products" can be made more easily on the basis of the classification suggested here.

More discussion of the terminological and conceptual disorder is needed before the theory of the blendings of monopoly and competition can progress further after its great advance in the last decade. Attempts at clarification, at clearer definitions, and at a more uniform use of words have been undertaken recently.[1] A classification of the various forms of competition or the various positions on the selling market will be attempted here. As in any classification, the lines drawn between the different types are artificial, but such dividing lines are necessary for clear reasoning.

As criteria of classification we may choose the types of considerations and reflections in the mind of the seller when he pictures the quantities he could sell at various prices. The main division is that between sellers whose calculations or deliberations include expected reactions of rival sellers and, on the other side, sellers who do not engage in such complicated reflections. The latters' thought is concerned with the buyers' reactions only. No account is taken of what rival sellers may do in consequence of his action. For want of a shorter expression we call this type of seller the *seller heedless* of rivals' reactions, and contrast it with the *seller conscious* of rivals' reactions. The latter anticipates not only the buyers' reactions on his higher or lower

[1] Horace G. White, "A Review of Monopolistic and Imperfect Competition Theories," *Am. Econ. Rev.* vol. xxvi, 1936, pp. 636-649; Paul M. Sweezy, "On the Definition of Monopoly," *Quart. Jour. of Econ.*, vol. 51, 1936, pp. 362-363.

selling prices, but also, and sometimes primarily, his rivals' reactions. When he raises the selling price, when he lowers it, will the rivals (or the rival) follow suit or not; if so, fully or partly, immediately or with some delay? The customers' reactions and thus the effects of a price change, cannot be estimated or imagined by the seller if he fails to take into account the most probable of the rivals' reactions.

If the seller expects the reactions of his rivals to take place without any delay, then the estimate of these reactions often precedes the estimate of buyers' reactions. If he expects some delay in his rivals' reactions, then he may first make an estimate of buyers' reactions for the period between his price change and his rivals' reactions (*i.e.,* a short-period demand curve); second, an estimate of rivals' reactions; and finally, one of buyers' reactions subsequent to his rivals' adjustments (*i.e.,* the long-period demand curve). How many customers will he be able to take from his rivals; how many will he lose to them? This question becomes of foremost importance to the rival-conscious seller. And, the demand curve, *i.e.,* the schedule of quantities which the seller believes[2] to be salable at various prices, acquires a still greater degree of vagueness, because each point may refer to a different set of anticipated reactions of rivals.

It will be clear from what we have said about the rival-conscious seller that duopoly and oligopoly are the cases in point. It may be worth while to distinguish between oligopolists with standardized products and oligopolists with differentiated products. The differentiation of the product in this case where sellers are few does not, however, change essentially the type of sellers' reflections; it will merely diminish the ease with which in their belief customers can be detached from their rivals or lost to their rivals. In other words, the differentiation of the product will make for a smaller elasticity of demand in the minds of the individual sellers; but these elasticities are in any case smaller than infinity because of the fewness of sellers.

With few sellers in the market the sellers must be rival-conscious, that is to say, they have to make guesses about their rivals' reactions together with guesses about the buyers' reactions. This is not so in the case where there is only one seller, or in the case where there are very many sellers. Both the monopolist and the competitor in a market of very many sellers are unconcerned with rivals' reactions; the one because he has not any, the other because he has too many.

The monopolist's product has of course (distant) substitutes and is, therefore, in rivalry with many other products. The monopolist "competes" with all sellers of all different products for the consumer's dollar. This, however, is too wide a concept of competition for the purposes of our classification. The competition of commodities outside the industry—beyond the "gap

[2] Consistent methodological individualism calls for an interpretation of demand curves as pictures of typical sellers' estimates. What the "actual facts" do is to influence and reshape the estimates of the sellers who learn by experience.

in the chain of substitutes—"[8] is so anonymous and so nebulous that expectations as to the policy of their sellers are excluded. The perfect monopolist has no rival whose reactions to his own price policy concern him.

One seller in a market of very many sellers has, of course, many direct competitors, but he has so many that he does not expect they would care about what he does. He is conscious of his small share in the market and he knows or thinks that none of his competitors would feel any tangible effect of his actions. Thus he will not be expectant of possible reactions of rivals.

The distinction between the competition of homogeneous or standardized products offered by many sellers, and the competition of differentiated products of many sellers is important. In the first case, that of pure competition, every single seller knows or thinks that he could not sell a single unit of his product should he ask a price higher than the market price, and that he could sell any quantity he cares to sell without charging less than the market price. In other words, the demand conceived by any such single seller is infinitely elastic. In the second case, that of monopolistic competition, each seller knows or thinks that he could keep some of his customers even if he raised his price, and that he could sell some more, but still very limited quantities of his product, if he lowered his price. In other words, the demand conceived by the monopolistic competitor is less than infinitely elastic because of the attachment of customers to the slightly differentiated product or service they get from the individual sellers.

I put the seller under monopolistic competition (*i.e.,* the seller in a market of many sellers offering differentiated products) and the seller under oligopoly with differentiated products (*i.e.,* the seller in a market of few sellers offering differentiated products) in different groups, and venture to hold that the case of the latter is much more adequately treated as an oligopoly case and that little is gained by treating it as a case of monopolistic competition. What the "small" or "great" number of sellers in the market mainly does is to affect the policy of the individual seller. "Sellers are few" means that the single seller is afraid his actions will be felt by, and cause reactions of, his rivals. "Sellers are many" means that the single seller is not conscious of any reactions of rivals. And it will be agreed that the difference in the sellers' reflections in the two cases is essential.

These are the types which we have distinguished so far:

A. *Sellers conscious of their rivals' reactions*
  (1) Duopoly
  (2) Oligopoly with differentiated products
  (3) Oligopoly with standardized products

B. *Sellers heedless of rivals' reactions*
  (1) Monopoly
  (2) Competition with differentiated products (monopolistic competition)
  (3) Competition with standardized products (pure competition)

[8] Joan Robinson, "What Is Perfect Competition?" *Quart. Jour. of Econ.* vol. 49, 1935, pp. 104-120.

The seller under monopolistic competition has sometimes been regarded as a monopolist in his particular product; since neither the monopolist nor the monopolistic competitor care for rivals' reactions, it may seem hard to see any distinguishing characteristic between the two. One might be satisfied with a difference in the degree of substitutability of products and hence of elasticity of demand. Monopolistic competition would then comprise the cases of closer substitutes and more elastic demand curves, while monopoly would comprise those of remote substitutes and steeper demand curves. Or one might make a mere physical comparison of products and call the monopolistic sellers of physically very similar products monopolistic competitors.

Another aspect of these market positions, however, yields distinguishing characteristics of much greater significance. It is the chance of supernormal profits and the ease of entry into the industry which have to be examined. And such examination will also suggest the proper place in our classification for the concepts of imperfect competition and imperfect monopoly.

The distinction between pure competition and perfect competition, suggested by Professor Chamberlin[4] was felicitous. It can be carried through further than he himself may have done. The two pairs of antonyms can be shown in four different combinations; competition may be pure and perfect, pure and imperfect, monopolistic and perfect, monopolistic and imperfect.

Pure competition, *i.e.,* the competition of very many sellers of a homogeneous product, implies infinitely elastic demand curves for each individual seller. Perfect competition means uniform prices for homogeneous goods and uniform earnings for equal services, hence the absence of supernormal or subnormal earnings. In geometrical language pure competition means a demand curve parallel to the x-axis, that is, a demand curve coinciding with the corresponding marginal revenue curve. (Average revenue equal to marginal revenue.) While pure competition refers, thus, to the *shape* of the demand curve, perfect competition refers to its *position* in relation to the cost curves. If under perfect competition abnormal returns are excluded, selling price and average cost must be equal for the output chosen (*i.e.,* for the output for which marginal revenue and marginal cost are equal) and this implies that the demand curve must be tangent to the average cost curve. It can be easily seen that the demand curve may be parallel to the x-axis without being tangent to the average cost curve, or that it may be tangent to the average cost curve without being parallel to the axis, or that it may be both at the same time, or that it may be neither.

If competition is pure but imperfect,[5] the demand curve to the individual

[4] *Theory of Monopolistic Competition,* pp. 6-7 and 25-26. The suggested "distinction of terms not does seem to have impressed recent writers on the subject," as Mr. White (*op. cit.* p. 641) states with regret. Is it hoping against hope that writers of the Cambridge school may occasionally adopt foreign-coined terms?

[5] Our use of the concept "imperfect" competition must not be confused with Mrs. Robinson's. See *op. cit.* and *Economics of Imperfect Competition.*

seller will, due to the great number of sellers and to the homogeneity of the product, be infinitely elastic, but not tangent to the respective average cost curve, thus leaving profits under or above normal. This will be due to frictions, which stand in the way of quick transference of productive factors (including entrepreneurial capacity) between different industries, and to the costs of transference, which prevent such adjustment until price differentials or profit margins are large enough to pay for the switching of factors between localities and occupations.[6]

If competition is perfect but monopolistic, the demand curve conceived by the individual seller will be less than infinitely elastic because of the differentiated service which he offers, but it will be tangent to the average cost curve. If the demand for products of this and similar kinds rises, and the demand curves conceived by the individual sellers have a tendency to be higher than tangent to the respective average cost curves, the prospect of supernormal returns in this industry would instantly bring about an influx of new firms[7] and thus push the demand curves of the single firms back to tangency to the respective average cost curves. In other words, the free and easy entry of new firms into the industry (which turns out products not homogenenous but similar) does not allow abnormal returns to be reaped. With any prospect of such returns new firms offering a close substitute would be attracted and the demand for the products of the existing firms thus pressed down. This pressure stops only when returns are reduced to normal so that no more firms are attracted. Geometrically expressed, the demand curve is tangent to the average cost curve.[8]

If competition is monopolistic and imperfect, so that the influx of new firms into the industry (or the withdrawal of old firms) is delayed, abnormal returns can appear.[9] Whether or not the profits of these sellers under

[6] Space does not permit discussion here of the notion of "normal profits." Mrs. Robinson (*op. cit.*, p. 106-107) objects to linking "normal profits" with the concept of competition, chiefly because "entrepreneurship" is not homogeneous. If an industry is licensed by the state, are entrepreneurs with license and those without license heterogeneous factors? Should physical, psychical and legal inabilities, natural and institutional obstacles to perfect substitution, all be treated alike? It is the economist's view as to control and flexibility of institutions that is back of his thought that certain inabilities give rise to a "normal" difference, others to an "abnormal" difference in earnings. Yet, there is a meaning in the application of these terms and I cannot share Mrs. Robinson's verdict that they cease to be of use.

[7] Perfection of competition does not depend on perfect fluidity of all units of all factors. The fluidity of a certain portion of the total amount of each factor would suffice to produce the assumed result, *i.e.*, equal earnings of equal factors.

[8] The nature of the average cost curve can be conceived in either of two ways. If "differential rents" are included in long-run average cost, then the above statement is adequate. If, on the other hand, "differential rents" are excluded from cost, the statement is true only of the "marginal firm."

[9] When the product differentiation is considerable, monopolistic competition will most likely be imperfect as well. This is because the uncertainty involved in the establishment of new firms will be much greater than if products are less differentiated or even homogeneous. Firms with established good-will or well known trade-marks are often given as illustrations of monopolistic and imperfect competition. Most of these cases, however, should more appropriately be treated as oligopolies with differentiated products.

monopolistic imperfect competition should be considered monopoly profits is not an urgent question. That they appear at all is due to the imperfection of competition, but they are possibly higher than if competition were pure, because of the sloping demand curve and the output restriction of each monopolistic competitor who keeps the selling price above marginal cost.

The absence of supernormal returns is a distinctive feature of monopolistic perfect competition[10] as against perfect monopoly. This distinguishing characteristic, however, fails if monopolistic competition is imperfect. The delayed emergence of new firms allows the existing monopolistic competitors in this industry to reap supernormal ("monopoly") profits. The only criterion that then distinguishes monopolistic imperfect competition from monopoly is the time element. Competition is imperfect if it works slowly, being hampered and delayed because of frictions and costs of moving. But if enough time is allowed, the results approach those of perfect competition. Monopoly, on the other hand, is not based on mere frictions, time-lags, and costs of moving. It is based on more reliable and more enduring conditions. From a short-run point of view, monopoly and monopolistic imperfect competition are the same. It is from a long-run point of view that they are different. In the long run the "imperfections of adaptation" will be overcome, while the conditions constituting a monopoly position may survive.

Monopoly may be perfect or imperfect. It is imperfect if the factors making for the monopoly position are such that the seller can depend upon their endurance only within limits.[11] There may be serious limits for his price policy, limits set by the seller's fear of government interference, and limits set by the seller's fear of "potential competition." This last possibility interests us most in our classification because it bears on the distinction between the rival-conscious seller and the non-rival-conscious seller. The perfect monopolist has no rivals who are of concern to him, but the imperfect monopolist may have "potential rivals." The latter may be afraid that above certain prices his monopoly position could be terminated through the appearance of rivals offering the same product or close substitutes. Yet this type of rival-consciousness is different from the one observed with the duopolist or oligopolist. The imperfect monopolist has a range of prices where he feels himself entirely free from possible reactions of rivals. He shies merely from going above a limit where, even though only in the long run, rivals may come into existence.

The potential competition of the imperfect monopolist finds its geometrical expression in the shape of the long-run demand curve conceived by the seller: above a certain price range the demand curve would rapidly flatten out toward the left. That is to say, at certain high prices the monopolist would expect rivals to appear on the market so that from then on a slight price increase would cause a relatively great loss of sales. It should be noted

[10] "Perfect monopolistic competition" would sound better but it might be read as "perfectly monopolistic" while "perfect" ought to refer to competition.

[11] One may question whether cases of perfect monopoly exist in reality.

how differently the "potential competition of the imperfect monopolist" and "monopolistic imperfect competition" are to be represented in geometry and as types of conduct. In the former case there is the sudden turn to high elasticity in the upper part of the long-period demand curve; in the latter case there is a sloping demand curve which as a whole will be reshaped and shifted more and more to the left and downward as time goes on and the imperfections of the market are gradually overcome. In the former case the shape of the long-period curve is conceived by the seller who avoids the high price ranges because of the potential competition. In the latter case the movement of the demand curve in the long run is a succession of revised demand anticipations of the seller; it need not be subject to any specific measures in his price policy; it is simply the realization of pressure on the market due to the gradual emergence of suppliers of close substitutes.[12] This pressure, realized only gradually, may not be foreseen by the seller, but if it is foreseen, then it may lead him to a policy contrary to that of the monopolist. He may, for instance, pursue a consciously short-run policy because he knows that after some time the market will be spoiled by the unfailing appearance of more sellers.

The price policy of the seller under monopolistic imperfect competition who is aware how short-lived is his favorable market position borders again rather closely on the policy of sellers conscious of their rivals' reactions. There is indeed no great difference between the type of policy which an oligopolistic seller of differentiated products may pursue when he believes that his rivals will take only delayed reactions on his actions, and the case of monopolistic imperfect competition which we have just described. But the classification here offered does not attempt to create water-tight compartments in which to force the specimens of all cases observed in reality.

We have seen that a subdivision of the groups and sub-groups of our classification seems appropriate, distinguishing perfect from imperfect monopoly, perfect from imperfect monopolistic competition, perfect from imperfect pure competition. But we have still to bear in mind that the kinds of imperfections are so manifold and different that it is hardly permissible to label the various market positions satisfactorily with the few tags now currently in use.

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[12] Paul M. Sweezy, *op. cit.*, p. 362, includes in his monopoly definition the condition that the demand curve for the product is independent of the profit made. This formulation allows of at least two interpretations. It may mean, first, that the monopolist is not afraid that the profits he makes will attract others to supply substitutes, and thus the long-run demand curve conceived by the monopolist will not show in its shape any expected loss of sales to other suppliers. Second, it may mean that the profits of the monopolist will "actually" not attract others to supply substitutes so that the "actual" demand curve for his product will not be shifted to the left and downward. This difference between events expected by the seller, and events "actually" in store for the seller is, I hope, clearly brought out in the text.

SECURITY OF JOB TENURE AND TRADE-UNION OUT-OF-WORK BENEFITS, 1926-1929 AND 1930-1933

Development of out-of-work benefits by trade unions in the United States has been predominantly local in character and negligible in coverage. The appearance of this practice in early workers' organizations in this country may be traced to the influence of transplanted European traditions; but conditions here were not as propitious as in Europe for its widespread acceptance. The American trade-union movement has been preoccupied with defending its right to exist and develop. Generally, unemployment benefit plans were not established unless the union was assured control of the job.

Benefit periods of plans in existence from 1926 to 1929, principally located in printing and allied trades, covered seasonal risks; but rates rarely amounted to the accepted standard of 50 per cent of earnings. In the event of prolonged unemployment, even strongly entrenched unions were unable to maintain adequate plans. Nevertheless, during the 1930 to 1933 period, photo-engravers and electrotypers—highly skilled craftsmen in trades where the machine had made few inroads—were able to levy assessments high enough to cover depression risks adequately.

The American development of trade union out-of-work benefit plans is distinguished from that of European countries by its negligible coverage and its predominantly local character. Between 1926 and 1929 only one per cent of organized labor in the United States was regularly provided with a form of security which was a common trade-union practice in Europe long before the passage of national unemployment insurance laws. Again, contrary to the experience in foreign countries, national plans which made out-of-work benefits available to the entire membership, did not flourish here. Local plans, limited in scope to the members of the local unions, have remained the dominant form. Between 1860 and 1926, according to Stewart's study, only thirteen unions are known to have set up international or national unemployment benefit plans. Only four of these were in existence in 1926, although four others probably continued to pay out-of-work benefits throughout the entire life of the union. Recently unions in this country have tended to leave the entire financial responsibility to the local organization.[1]

[1] The membership of the Amalgamated Lithographers of America chose to discontinue their national plan in 1923 in preference to raising dues. Three years later the convention of the Bakery and Confectionery Workers' International Union approved a resolution opposing a national unemployment benefit plan and leaving optional payment of out-of-work benefits by local unions. In 1930, the first year of the recent depression, the convention of the International Photo-Engravers' Union voted to establish a national unemployment fund, but the proposition was defeated in a referendum vote. Three years later the convention even disapproved a plan for the payment of supplementary unemployment benefits by the national organization. The International Typographical Union likewise placed itself on record in 1932 as opposing both a plan making provision for uniform relief assessments from all local unions under a separate accounting and two resolutions for the payment of supplementary relief benefits by the national organization. Amalgamated Lithographers of America, *Proceedings* (mss.), New York, 1923, pp. 507-508, 1198, 1201; Bakery and Confectionery Workers' International Union of America, *Official Report and Proceedings of the Nineteenth Convention,* Chicago, 1926, pp. 90, 110; International Photo-Engravers' Union, *Officers' Reports and Convention Proceedings,* St. Louis, 1930, pp. 151-152; 1931, p. 38; 1933, pp. 162, 165; International Typographical Union, *Proceedings of the Seventy-Seventh Session,* Supplement to *Typographical Journal,* October, 1932, pp. 28-29, 41-42.

Independent local plans must always have been more numerous than national schemes and also more transitory. A changing local trade-union secretariat, frequently with few facilities or little inclination for bookkeeping, has left only scanty records behind. One or two investigations by state labor departments furnish the principal data on early local plans. In 1894, for instance, 74 local unions in New York State, covering a varied group of workers in the building, metal, and woodworking trades, railroaders, seamen, and musicians, are shown to have distributed unemployment relief,[2] although probably much of this was temporary in character.

During the four years preceding 1930 the four remaining national plans were located in small unions of workers in skilled trades, in the Diamond Workers' Protective Union of America, the Deutsch-Amerikanische Typographia, the International Association of Siderographers, and the United Wall Paper Crafts of North America. Thirty-eight local plans also are known to have been in operation, mostly in the printing and allied trades. The membership of seven of these trades, the International Brotherhood of Bookbinders, the Amalgamated Lithographers of America, the International Photo-Engravers' Union of North America, the International Printing Pressmen and Assistants' Union of North America, the International Stereotypers' and Electrotypers' Union of North America, and the International Typographical Union of North America, were partially protected against the risk of unemployment. In addition, at least one or two locals of a miscellaneous group of unions, the Bakery and Confectionery Workers' International Union of America, the International Union of United Brewery, Flour, Cereal and Soft Drink Workers of America, the Amalgamated Lace Operatives of America, and the International Woodcarvers of North America, provided their membership with weekly unemployment benefits.

Throughout the nineteenth and early twentieth centuries it was the recently emigrated craftsman who started plans of this kind in American trade unions. Associations of printers, here as well as abroad, were the first strictly workers' organizations to protect their members from the risk of unemployment. Bryce M. Stewart found in his study, *Unemployment Benefits in the United States* (New York, 1930), that out-of-work benefits began to be paid by the New York Typographical Association as early as 1831. In the 1860's American branches of British unions of engineers, carpenters and joiners introduced the unemployment benefit systems of their parent organizations.[3] The New York local of Amalgamated Lithographers

[2] New York State, Bureau of Statistics of Labor, *Twelfth Annual Report for the Year 1894*, Albany, 1895, pp. 186-229.

[3] The Amalgamated Society of Engineers formed local branches in this country after 1860 which, following the practices of the parent organization, paid a "donation benefit" to send "members to situations." The Amalgamated Society of Carpenters and Joiners formed its first branch in New York in 1867 which paid unemployment benefits until the organization disbanded in 1924.

reported to the American Federation of Labor that it had paid unemployment and sick benefits continuously since 1882, a practice entirely in keeping with the traditions of a trade where a sick and death benefit society of German-born lithographers and printers was in existence as early as 1858.[4] Many other examples can be given to show the influence of European traditions.

Extension of the coverage of a plan to the members of the national instead of the local union in the United States also appears to have been directly inspired by foreign models. The two earliest, dating from 1860 and 1867, respectively, were located in American branches of the British unions of engineers, and carpenters and joiners. The third was established in 1884 by a German typesetters' organization which had no actual affiliation with a German union, but carefully followed traditional forms. After 1910 the incentive to establish national plans declined. By that time the labor movement in this country had developed a different philosophy in regard to unemployment.

A number of factors contributed to the formation of this philosophy. First of all, the existence of opportunities for advancement from the laboring to the employing class in this country did not foster the American workman's interest in securing himself against industrial hazards, a course of action to which the European worker's unquestioned acceptance of a fixed status inevitably led. Secondly, the doctrine that unemployment was due to personal causes, and therefore that a capable unemployed worker could always find a job, was still current during the first decade of the twentieth century. In 1908 "lack of work" was considered an indication of lack of character. But by 1919 the possibility of being unemployed through no fault of the individual was generally recognized.[5] A longer adherence to this belief in America than in Europe is undoubtedly derived from greater physical and occupational mobility of labor, largely the result of the continued presence of frontier conditions.

After the World War a second doctrine gained widespread acceptance which continued to discourage the unions from assuming increased responsibility for the relief of unemployment. This later theory emphasized the preventive aspects of the problem, claiming that much unemployment, if not

[4] "Trade Benefit Societies," *Lithographer and Printer*, April 5, 1884, pp. 177, 178.

[5] The 1908 edition of Warner's *American Charities* did not question the fact that "back of the cause of 'lack of work,' ordinarily or in ordinary times, will be found some perversion of character, or some limitation of capacity."

In the 1919 edition of this work even the partial truth of this statement was overshadowed by doubt, and the involuntary character of seasonal unemployment was frankly admitted. "A considerable portion of those whose poverty is said to result from lack of employment in ordinary times are to some extent incapable, or unreliable; but there will also be a varying proportion every year of workers, such as dock laborers, tailors, milliners and others in the intermittent industries, out of work solely because of the seasonal work of their occupation." (Amos G. Warner, *American Charities*, New York, Crowell, 1908 ed., p. 55; 1919 ed., pp. 50-51.)

all, could be eliminated by a wiser arrangement of production and marketing methods. After 1923 the American Federation of Labor accepted the so-called stabilization doctrine, placing the responsibility for taking care of unemployed workers squarely on the shoulders of industry.

> The cumulative effects of unemployment reach far beyond the workers themselves. The most effective solution of the problem is prevention. When industries accept their responsibility to their wage earners, and abandon the habit of laying off employees in order to reduce costs, they must face squarely the stabilization of production.[6]

Without the support of the central labor organization it is not surprising that union executives during the twenties and early thirties discontinued and refused to establish national systems of unemployment relief for the solution of a problem which, they had been led to believe, more properly required preventive methods.

Probably the most important factor, however, arises from the status of organized labor in this country. More rapid growth of centralized corporate forms and technological advance in this country prevented the trade-union movement here from gaining political power or extending control over industry comparable to organized labor developments abroad. The American unions were forced to adopt a defensive trade policy and rely on the strike to regain or extend territory or obtain bargaining power for trade agreements. Such tasks required ample defense funds which left no surplus for the payment of out-of-work benefits.

An examination of the industries where national and local plans were in operation between 1926 and 1929 shows that union control of the job was a prerequisite to the development of unemployment benefit plans. In three of the four national plans the union was sure of access to future jobs before they were established.

All three were started by groups of highly skilled craftsmen—diamond cutters, German text typesetters, platemakers for bank notes and securities, known as siderographers. Even now the machine has not yet made inroads upon the quality of the skill demanded from the worker, although in siderography recent improvements have somewhat decreased the amount of skill required by the industry.[7] In typesetting, as Barnett points out, the linotype, widely introduced after 1890, differed "from many machines in requiring for its most profitable operation the skill of the superseded handi-

[6] American Federation of Labor, *Report of Proceedings of the Fiftieth Annual Convention*, 1930, p. 60.

[7] In 1924 an electrolytic method of duplicating the original plate, suitable for such long-run material as bank notes, greatly reduced the number of siderographers needed by the Bureau of Engraving in Washington. The introduction of chromium plating during the stock market boom in 1928 and 1929 tripled the number of impressions which could be made from a single plate. Increasing substitution of printed for engraved lettering as decoration on stock certificates during this same period also shortened the siderographer's job.

craftsman";[8] and for this particular group of typesetters a knowledge of German constituted an additional skill. By using this skill as a bargaining weapon the unions gained complete control of the job. In the Deutsch-Amerikanische Typographia, for instance, the institution of a centralized system of out-of-work benefits in 1884 followed the organization of German text printers throughout the United States. Likewise, both the national plans of the siderographers and of the diamond workers, established in 1910 and 1912, respectively, covered the entire trade.

The amount of skilled labor needed in all these trades has, however, declined in recent years. The dwindling volume of German text printing is shown by the steady decrease in the size of German typesetters' locals since 1900. Extensive smuggling of cut stones became an organized business after 1920 and greatly curtailed the demand for the cutter's services in this country. Since 1924 improvements in plate production and substitution of printing for engraving have also decreased the demand for the siderographer.

The fourth national plan covered print cutters, men who made the block patterns used in the wall-paper industry. It was unique in several respects. It was the only centralized plan to be established after 1917 during the heyday of the stabilization doctrine. It appeared in a union which was losing instead of gaining control of the industry, an apparent anomaly explained by the peculiar circumstance.

The prestige gained from a joint agreement which guaranteed print cutters in factories 45 weeks of employment plus five weeks of half pay, emboldened the union to start a scheme offering similar protection to print cutters in contract shops. The fact that such protection might prevent further disaffection among these members who, with the domination of the jobber, had been forced out of the factory and subjected to increasing irregularity of employment, was an added incentive for this action.

The assurance of access to future jobs, which generally meant actual control of the job by the local union, was equally important in the development of local plans. Indeed, the fact that this condition was much more easily achieved by local unions no doubt largely accounts for the predominance of local schemes. It is possible to classify local plans in three groups according to common industrial patterns: (1) where the demand for skill was as yet little, if any, affected by technological advance; (2) where the machine was decreasing the number of skilled workers or requiring the acquisition of new skills; or (3) where the machine was removing the need for skill.

Photo-engravers, and electrotypers and stereotypers belonged to trades closely related to the printing industry where the demand for skill was little affected by technological advance. Photo-engravers prepared the relief

[8] George E. Barnett, *Chapters on Machinery and Labor,* Cambridge, Harvard University Press, 1926, pp. 4, 29.

and engraved plates used in the printing of illustrative matter. Electrotypers made metal castings of entire pages of movable types and plates used in the printing of such long-run material as magazines and books. The stereotypers' work was similar except that a paper mat instead of a metal casting was prepared. Stereotyping was thus a cheaper and lower grade duplicating process than electrotyping, useful primarily in newspaper printing.

Several conditions contributed to strengthen the organizations of photo-engravers, and stereotypers and electrotypers. A high degree of skill was still required in these trades. Both industries, organized almost completely as independent units, rendered printing establishment services increasingly in demand; employers thus tended to emphasize the quality of workmanship and absorb wage increases in higher prices. In addition, the small size of these concerns[9] had promoted a close coöperation between the union and the employer. The president of the International Photo-Engravers Union claimed that 92 per cent of the industry was organized in 1925 and reported further gains in 1926 and 1929.[10] According to the secretary of the national employers' association in the electrotyping and stereotyping industry, there were no open shops in electrotyping in 1929 and only a few, small stereotyping departments of publishing houses and newspapers were unorganized.

Unemployment benefit plans were established in nine photo-engravers' locals between 1914 and 1929. Between 1920 and 1929, on the other hand, only three plans were started and these were all located in electrotypers' locals. Even employment in electrotyping is unusually stable because of the newspaper demand and the practice in both types of concerns of dividing available work as far as possible among all employees.

Technological progress during the four depression years between 1930 and 1933 did not seriously affect employment possibilities in any of these trades. An increased demand for low cost printing, however, stimulated the wider use of improvements in stereotyping,[11] which magazine and book publishers began to use in the late twenties. The presence of the closed shop and the possibilities for transfer to stereotyping work moderated the adverse affect of this development upon the electrotypers' future. The skill of the photo-engraver continued to be in demand. So far the machine had not been able to produce work of a fine quality in this field, although laboratory developments since 1931 point to such a possibility in a few years.[12]

[9] In 1929 Census figures reveal the average size of establishment in the photo-engraving industry to have been 18.8 wage earners; in electrotyping and stereotyping, 28.2 wage earners.

[10] International Photo-Engravers' Union, *Report of Officers and Convention Proceedings*, St. Louis, 1925, p. 176; 1926, pp. 16-17; 1929, p. 20.

[11] Improved stereotyping machinery comprises the use of rubber instead of paper relief molds and higher speed plating machinery.

[12] An electro-magnetic process was developed in the laboratory in 1931 which was able to complete a crude type of engraving, useful only for newspapers, in a few minutes.

Temporarily, at least, the photo-engravers' position seems to have been strengthened. After 1930 he is frequently referred to in trade publications as the official platemaker of the printing industry.

The plans of compositors, lithographers, printing pressmen, and press assistants were located in industries where labor-saving devices and higher powered machinery were decreasing the number of skilled workers, and new machines were requiring the mastery of new skills. In all three organizations, technological advance had introduced problems of union organization. Compositors and pressmen, however, were more successful than lithographers in continuing to control the industry after the appearance of the new machines. The Amalgamated Lithographers suffered from the fact that the American Federation of Labor, realizing as early as 1918 that the art of lithographing was rapidly losing its identity as a distinct industry to become another method of printing, denied them jurisdiction over all lithographic processes introduced in printing fields, and advocated their being split up between the photo-engravers' and pressmen's organizations. Although the division was not enforced, this decision weakened the prestige of the union and curtailed possibilities for expansion.

The Typographical Union, despite the permanent displacement of the hand compositor, was able to profit from the increased demand for the machine product which followed the introduction of the linotype in the 1890's and early 1900's. The pressmen, likewise, benefited from the appearance of small, automatically fed, higher speed presses during the 1920's although older pressmen found it difficult to master the new techniques and press assistants tended to be permanently displaced.

During post-war decades, on the other hand, the lithographer's union struggled successively with the problem of the stone pressman unable to master the new offset press, and the hand transferrer who did not succeed in operating the photo-composing machine, without being able to reap the benefits of the increasing use of lithography in printing establishments.[13]

Though they held their own in face of mechanical progress, however, neither the compositors' nor the pressmen's union was equally well organized in all localities. Their chief stronghold was New York City, the book and job printing center of the country. It has been estimated that 85 per cent of the book and job printing in this city was produced under union management in 1929 as compared to 40 per cent in Chicago, which ranks second to New York in this field.[14] Outside of New York the only other

[13] The offset press, printing from a circular rubber mat instead of a flat stone, began to displace the stone press around 1906, but was not widely used until after 1912. The photo-composing machine, which substituted photographic for hand transference of the image to the negative press plate, appeared about 1912, but the development of this device was not widespread until after 1920.

[14] Elizabeth F. Baker, *Displacement of Men by Machines*, New York, Columbia University Press, 1933, p. 86.

out-of-work benefit plan in the Typographical Union was established in Cleveland in 1927. Less strongly entrenched locals hesitated to undertake permanent schemes. The success achieved by the International Printing Pressmen and Assistants' Union in New York in keeping a major part of the press assistants employed despite the new improvements, was accompanied by the removal from that city of many large edition publishing houses, mostly to non-union plants in smaller towns. Unemployment benefit plans established during 1927 and 1928 in the New York locals of pressmen and of press assistants, reflect the continued power of the union in the face of a labor surplus.

The national employers' association in the lithographing industry became unusually active a few years after the American Federation of Labor denied the lithographers jurisdiction over lithographic work done in printing establishments. In 1921 the employers deliberately provoked a strike to extend the open shop which left the union too weak to negotiate collective agreements. As a result, the 1923 Convention of Amalgamated Lithographers discontinued their national plan. Of the six local plans in existence between 1926 and 1929, all except one were attempts by the local union to continue benefit payments after the national plan had ceased to function. The only plan known to have been started between 1923 and 1929, established in Seattle in 1927, was discontinued in 1930 at the beginning of the depression.

Lithographic presses and devices based on the typewriting principle[15] were widely substituted for typeprinting in commercial printing establishments after 1930 as a result of the increased demand for low cost printed matter. This situation had the effect of reducing unemployment among lithographers after 1932. Linotype operators and other composing employees, especially in New York City where the new trend was marked, faced a permanently decreased demand for their services. The insecurity of the press assistant steadily increased. In 1931 the Printers League of the New York Employing Printers' Association submitted a five-year plan for the reorganization of New York pressrooms calling for the gradual replacement of press assistants by pressmen and unskilled paper handlers.

Bookbinders' plans appeared in an industry where the machine was taking the place of much if not all of the worker's skill. After 1920 improved machinery equipped with automatic devices[16] made work in all branches of the industry still more mechanical and greatly reduced the amount of labor required. Despite limited coverage, the bookbinders' union

[15] A small, specially standardized, offset press began to be widely introduced into commercial printing establishments after 1930. Devices based on the typewriting principle included the multigraph, mimeograph, planograph and numerous other low-cost duplicating devices.

[16] A single machine now folds, stitches and pastes the covers of a book, leaving only the operation of trimming and printing the cover to complete the binding process.

had to some extent maintained its prestige by membership in the International Allied Printing Trades Association to which the other stronger unions in the industry belonged. In the New York market competition among small bookbinding concerns so increased that employers became anxious to adopt uniform working conditions as a means of stabilizing prices. In 1928 a New York trade bindery employers' association asked the International Brotherhood of Bookbinders, which at that time controlled only about 25 per cent of the industry in that center, to unionize its workers.[17]

The development of out-of-work benefit systems clearly reflects the effect of these conditions. One of the two known bookbinders' plans was started in 1920 in a San Francisco local where competitive conditions had aided the union in keeping control of the industry. The other plan appeared in the Paper Cutters' Local No. 119 in New York a month after the first contract between the International Brotherhood of Bookbinders and the Bookbinders' Trade Association promised to strengthen the international union's control of the New York market.

Plans outside printing and allied trades fit into the same three classes used in the foregoing analysis. In the weaving of lace and lace curtains as high a degree of skill is now required as when the machine entered the industry. Four plans were established by lace and lace curtain weavers between 1924 and 1928. All of them functioned in closed shops which the Amalgamated Lace Operatives had negotiated as a result of bargaining power derived from skill.

In wood carving the appearance of the machine, and in brewing the advent of prohibition, had the same effect of markedly decreasing the demand for skill. In both trades, however, there has been some increase in the demand for skill in recent years. In woodworking and furniture the greater productiveness of the machine has permitted a wider use of hand finishing for architectural decoration and period furniture. The manufacture of near beer has also supplied a limited demand for the brewer's services. We find, therefore, single locals in these industries strong enough to continue to negotiate agreements with employers and able to continue early plans.

Bakers' plans were established in an industry where the machine appeared to remove the need for the worker's skill, and the union organized on a craft basis became increasingly ineffective. Large-scale production in this field developed at a rapid rate after the middle 1920's. The Bakery and Confectionery Workers' International Unions lost out repeatedly against the few large wholesale baking companies who had come to dominate the industry, and the older worker was unable to adjust to the new machines.

[17] International Brotherhood of Bookbinders, "Proceedings," *International Bookbinder*, August, 1930, p. 516.

The development of local plans clearly reflects these conditions. None of them were started later than 1924. Six belong to the pre-war era.

The size of the union does not seem to have played an important rôle in the establishment of out-of-work benefit plans. National plans in existence between 1926 and 1929 were small. The largest in the Deutsch-Amerikanische Typographia covered around 600 workers. If other conditions were propitious, a small branch of 22 lace-curtain weavers as well as a large local of nearly 10,000 composing-room employees set up an out-of-work benefit scheme. A coverage of between 100 and 500 was, however, most frequent.

The absence of a high, recurrent seasonal risk was also a common characteristic of both national and local plans. Studies by the American Federation of Labor and by Bryce Stewart during the period between 1926 and 1929 show that the average duration of full-time unemployment benefits paid to bakers, wood carvers and printing trades workers was little more than a month. Compensation for part-time unemployment of two or three days a week doubled the length of the average period in bakers' plans. Before prohibition at least, it is likely that full-time unemployment in the brewing industry during the dull winter season did not average more than a month. Data published by Miss Palmer on the days of operation in Pennsylvania lace-curtain concerns from 1920 to 1923 showed that lost time due to part- and full-time unemployment averaged two months a year.[18] In some trades, such as siderography, diamond cutting and lace weaving, there was no recurrent seasonal pattern.

The print cutters' plan in the wall-paper industry was the only instance of a trade-union plan started in a highly seasonal industry. The Wall Paper Crafts reported an average of nearly seven weeks of unemployment a year among print cutters in 1927 and 1928. This seems a highly conservative estimate in view of the three-month dull season in the industry and the increasing irregularity of employment in contract shops.

Two less regularly recurrent risks—technological and emergency unemployment—which affected the plans are more difficult to measure. No data from the plans were available on the duration of the technological risk which is a by-product of new inventions and improved industrial processes. Nevertheless, three recent studies in widely different industries show that most displaced workers take from three to six months to find employment.[19]

[18] Gladys M. Palmer, *Labor Relations in the Lace and Lace-Curtain Industries in the United States*, Washington, 1925, U. S. Bureau of Labor Statistics, bull. no. 399, p. 17.

[19] Isador Lubin, *The Absorption of the Unemployed by American Industry*, Washington, The Brookings Institution, 1929, Pamphlet ser. no. 3, pp. 4-5; Robert J. Myers, "Occupational Readjustment of Displaced Skilled Workmen," *Journal of Political Economy*, August, 1929, p. 479; Ewan Clague, Walter J. Couper, E. Wight Bakke, *After the Shutdown*, New Haven, Institute of Human Relations, Yale University, 1934, p. 136.

The emergency risk which covers prolonged unemployment in a temporarily depressed industry, may occur during a period of relative prosperity or general depression. Unfortunately, no data are available on the extent of unemployment among members of plans in these industries during the 1926 to 1929 period. In the 1926 to 1929 period the diamond cutting trade was suffering from extensive smuggling of cut stones, a condition which had existed since 1920 as a result of a high tariff. During the same years lace-curtain weaving was also adversely affected by a change in fashion from lace to net and scrim curtains, and lace-making suffered from foreign competition, although here conditions improved with increased demand for lace as trimming after 1928.

The emergency risk became widespread during the 1930 to 1933 period. There was, however, considerable variation in the volume of unemployment from industry to industry and locality to locality. Schemes in the baking industry and in lithographic and siderographic trades were less affected than other plans. In printing trades' unions unemployment was generally more extensive among members of New York locals. In four of these the emergency risk involved an average of six to eight months of unemployment during each of the four years; and over 10 per cent of the membership were totally unemployed during the entire period.

Adequate coverage of existing risks and sufficiency of benefit rates, as well as mere existence, also appears to have hinged upon union control of an existing job. In the case of prolonged unemployment, however, the cost of unemployment benefits could become so prohibitive that a controlled and secure job was not always of sufficient import to permit the plan to function adequately or even continue to exist.

In general the plans adequately protected seasonal risks. The average duration of seasonal unemployment was little more than a month, whereas benefit periods ranged from eight weeks to indefinite extension. Not more than two or three weeks of unemployment were generally excluded by waiting periods.[20] In most cases another regular waiting period was not required within a given year unless the second period of unemployment was preceded by a month or more of employment. Longer periods of four and five weeks only occurred in bakery workers' plans where two or three days' jobbing were customarily available. Additional waiting periods which appeared in a

[20] For obvious reasons unemployment excluded from compensation due to its voluntary character or as a penalty for abuse of privileges has been omitted from consideration. Compensated unemployment was usually defined as the absence of opportunity to work at a trade by a member able and willing to do so. Negligence, sickness or personal fault were the principal causes of unemployment which disqualified a member for benefit.

Under the category of penalties came rules rendering ineligible or subjecting to a special waiting period members who voluntarily left their employment, refused to accept employment offered by the union, failed to report regularly during the period of their unemployment or accepted work outside the trade.

few plans limited other than seasonal risks. Such periods were required only after receipt of four or the maximum number of weekly benefits.

The print cutters' plan in the wall-paper industry constituted the single exception to the adequate protection generally offered seasonal risks.[21] The short five-week annual benefit period in this scheme did not even cover the average of seven weeks' benefit reported by the union, let alone provide for the four-month dull season in the industry. In addition, this plan enforced a two-week waiting period after each period of unemployment, no matter how short. Moreover, two weeks, instead of a week or less, was the minimum amount of unemployment compensated. These provisions shortened seasonal risks by excluding a large part of the intermittent unemployment to which print cutters in contract shops were subject.

On the assumption that from three to six months are needed for adequate coverage of the technological risk, the benefit periods of at least half the plans in the 1926 to 1929 period gave the displaced worker some latitude in job hunting. Further analysis of the longer benefit periods shows, however, that prior to 1930 the problem of technological unemployment was not important in the plans of electrotypers, photo-engravers and lace and lace-curtain weavers, where annual benefit periods ranged from three months to unlimited extension. Most displaced bookbinders, lithographers, and press assistants were not entitled to receive benefits during more than 10 weeks of the year, and in a number of cases had to wait two weeks after the fourth week of benefit.[22] Displaced bakery workers who in some cases received benefits during 30 weeks of the year, were handicapped by having the benefit payments limited to the dull winter and spring season. In fact, the small union of highly skilled siderographers, in a trade unaffected by seasonal fluctuations, was the only organization to provide adequate protection against technological risk by an annual six-month benefit period.

No measure is available of the emergency unemployment risk which occurs in a depressed industry during a period of relative prosperity. Nevertheless, it is evident that in the 1926 to 1929 period no plan in the diamond or lace or lace-curtain industry attempted to cover the entire unemployment risk. With the advent of acute depression conditions in 1929, the diamond cutters were forced to shorten the annual benefit period from 13 to 10 weeks. In addition, waiting-period provisions cut off both ends of the period of unemployment. A four-week waiting period, enforced after each four-week employment interval, was supplemented by shorter waiting periods

[21] The length of the benefit period in this plan was the same as that provided by the joint agreement covering members of the United Wall Paper Crafts employed in factories which guaranteed, in addition, 45 weeks of employment during the year.

[22] The two plans in these unions with 16-week benefit periods limited the number of weekly payments receivable during a given benefit year to 8 every 6 months and 4 each quarter.

equal to the preceding period of employment. Receipt of the maximum amount of benefit for one year disqualified members from benefit until a three-month period of employment had been undergone, for two years, from all further benefit.

Lace and lace-curtain weavers paid benefits indefinitely from the first day of unemployment, but considerable part-time and virtually all total unemployment, remained uncompensated. Benefits were not paid unless weekly earnings fell below rates which amounted to less than a quarter of full-time earnings. Generally no benefits were paid during shut downs or stoppages for maintenance. Moreover, whenever a weaver permanently left the employ of any of the mills his membership in the plan was terminated.

In the 1930 to 1933 period, however, many unions valiantly attempted to cover the emergency risk by paying out-of-work benefits indefinitely or extending the benefit period over more than six months of the year. Predominantly, printing trades organizations, both where existence and control of the job was assured and where it was somewhat insecure, adopted this course. Plans of bookbinders, compositors, printing pressmen and press assistants, as well as electrotypers and photo-engravers removed the limit from the benefit period after 1930 to permit 52 weekly payments.

More than half the plans thus attempted fairly adequate coverage of the cyclical emergency risk by providing benefits during more than six months of the year. Increase in the amount of part-time and in length of full-time unemployment further heightened the adequacy of these schemes by reducing the effectiveness of regular waiting periods as limiting devices. Additional waiting periods required after receipt of a stated or the maximum number of benefits were also waived when the benefits began to be paid indefinitely.

Actually, however, obligations implicit in an unlimited benefit period were not met in all cases. Benefit liabilities remained partially unfulfilled in the schemes of bookbinders, bakery workers and lace weavers. A fifty per cent reduction of benefit rates further decreased the amount of compensated unemployment in the lace-curtain industry.

The plans of bakery workers, German typesetters, lithographers, siderographers and wood carvers, where the original benefit period was retained or only slightly extended, were definitely inadequate. Virtually the entire membership drew the maximum amount of benefit in most of these plans and remained unemployed after the termination of payments. Even in industries or localities relatively little affected by the depression, the period of unemployment generally lasted beyond the period of compensation.[23]

[23] In 1932 only 12 per cent of the members of the Washington bakery workers' plan drew benefits but most of them were unemployed at the end of the 22-week period. The same conditions existed in the siderographers' scheme where a benefit period of 6 months met the minimum standard of adequate coverage, although in 1932 only 7 out of 68 members were unemployed.

To be completely adequate, however, the plans had not only to provide protection against existing unemployment risks but to pay benefit rates which were a satisfactory substitute for earnings. In the 1926 to 1929 period benefit rates of few plans measured up to the standard of 50 per cent of earnings generally accepted as the minimum benefit rate for unemployment insurance. The prevailing weekly benefit payment in most plans was less than $15 and in a quarter, less than $10. Such rates reflected the relief traditions out of which the schemes had developed.

Many of the older plans still financed benefits out of the general fund. In more recent schemes, where small contributions of 25 cents, 50 cents or $1 a month were collected, and frequently placed in a separate unemployment fund, virtually no attempt was made to proportion contribution to benefit. Instead, special assessments were relied upon to raise additional funds whenever reserves proved inadequate.

The entrenched position of the union and an unusually low unemployment risk was responsible for the rates of $20 to $30 a week in photo-engravers' and electrotypers' plans measuring up to standard requirements. The only other rate which amounted to 50 per cent of earnings occurred in the print-cutters' plan, but here it was predetermined by the terms of the joint agreement already functioning in the Wall Paper Crafts.

During the 1930 to 1933 period the benefit rate hinged even more directly upon control and security of job. By the end of 1930 most of the plans had exhausted available reserves. Subsequent benefit liabilities were met entirely by special assessments on the employed membership on a pay-as-you-go basis; and the ability to levy high assessments without loss of membership principally depended on closed-shop conditions and the assurance of a future job.

Electrotypers and photo-engravers were able to levy assessments amounting to 10 and 25 per cent of earnings to permit the payment statutory rates of $15 and $20 a week and a lower relief rate of $9 to $15 a week during the period of extended benefit.[24] Bookbinders, compositors, printing pressmen and press assistants found it increasingly difficult to raise sufficient funds to pay a weekly benefit of $5 or even $3.25. In fact the 1932 convention of the International Typographical Union over the vigorous protests

[24] It is interesting to compare per annual capita benefit costs of the largest plans in these two unions for the 1926 to 1929 and 1930 to 1933 periods, although, especially in the latter period, the actual burden is minimized because costs are figured from total and not the employed membership.

Local union	*Average per capita benefit cost* 1926-29	1930-33
Stereotypers and Electrotypers		
Chicago (No. 3)	$ 4.65	$191.68
Photo-Engravers		
New York (No. 1)	13.43	249.43
Chicago (No. 5)	48.18	242.78

of the New York delegates definitely limited all such future levies to one per cent of earnings in connection with a five-day, share-the-work program.[25]

Uncertainty of a future job under the control of the union generally deterred organizations of bakery workers, German typesetters, lithographers, siderographers and wood carvers[26] from attempting to levy extra assessments required by prolonged extension of the benefit period. The situation was clearly stated by the General Executive Board of the Bakery and Confectionery Workers' International Union. In April, 1932, locals were strongly advised, in view of the depression, the development of the machine in the baking industry and the demoralizing effect of extra assessments upon the membership, to discontinue cash benefits and concentrate upon establishing a shorter working day or a system of rotated lay-offs.[27]

Like the inability to levy high assessments, discontinuance of the plan was primarily an indication of insecurity of job tenure. Plans which ceased to function in either of the two periods were for the most part located in unions no longer in control of the job. The lithographers' plan in Indianapolis was discontinued at the end of 1928. Two others, in Seattle and Cincinnati, were given up in 1931. Four bakery workers' plans in New York, San Francisco, Seattle and Spokane had ceased to function by 1933.

At the same time the cost of paying unemployment benefits could become prohibitive in connection with the prolonged risks in spite of the best efforts of a strongly entrenched union. There is considerable evidence of the fact that size was an important factor in cost and that its importance increased with the volume of unemployment. Marked decline in coverage, often involving a third of the membership, generally preceded suspension of benefit payments. Moreover, eight of the eleven plans discontinued between 1926 and 1933 had less than 200 members. In the one suspended scheme of photo-engravers, coverage had declined to less than 100.

To avoid frequent forced suspensions of benefit payments, such as occurred in the 1930 to 1933 period, three of the individual plant plans of lace-curtain weavers with less than 100 members merged, in 1935, to form a single scheme with a coverage of nearly 200.

[25] International Typographical Union, "Proceedings," Supplement to *Typographical Journal,* October, 1932, p. 54. Ostensibly this law was introduced to protect the minority rights of employed members. *Ibid.,* "Report of Officers," Supplement to *Typographical Journal,* August 1932, p. 1.

[26] The exceptional experience of the Boston wood carvers' plan, with membership of about 100, deserves mention in this connection. With provisions for increasing contributions from 1 to 2 per cent of earnings whenever reserves fell below $25,000 until they reached $30,000, the plan between 1910 and 1929 was able to build up a reserve of $29,175 or $249.35 per member, which, with the reduction of the weekly benefit rate from $12 to $10 and the establishment of a 30-hour week, permitted the benefit period to be extended from 12 to 14 weeks without additional assessments. Indeed, despite widespread unemployment among the membership, the balance of the plans' reserve fund at the end of 1933 totalled $9,150 or $87.14 per member.

[27] *Bakers' Journal,* 1932, April 2, pp. 1-2; April 9, pp. 1-2.

The volume of unemployment could also become too great for even plans with a membership of over 200. Print cutters in contract shops ceased to offer protection against an extended seasonal risk which involved the major proportion of the membership. In 1932 the diamond cutters were forced to discontinue a plan started in 1910 after 30 to 40 per cent of the membership had been affected by the emergency risk during three of the preceding six years.

To be effective it would seem that trade-union unemployment benefit plans must completely control the job and be in no immediate danger from inroads of the machine. Without this form of security the protection given even low seasonal risks from the point of view both of coverage and financial recompense was inadequate. The prerequisite conditions thus prevented any attempt to compensate technological unemployment. Under peculiarly propitious conditions it was possible to assess the employed membership at a sufficiently high rate for adequate coverage of the emergency risk. But here size limitations could raise insurmountable cost barriers which increased with the extent of the risk, and the volume of unemployment, as the depression continued, could make exorbitant demands upon the finances of unions with as many as 500 members. As a whole, the experience of these plans furnishes a vivid record of the trials and tribulations which have accompanied the efforts of small private groups to provide protection against unemployment.

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COST OF PRODUCTION AND NORMAL SUPPLY PRICE[1]

Schedules of normal supply prices of specific goods are schedules of expenses and not of real costs. In terms of expenses, marginal has no significant meaning in a period of equilibrium. Consequently, the doctrine that normal price tends to equal marginal cost of production is not valid if applied to particular commodities. In current value theory, normal supply schedules are constructed in monetary terms and then, in order to identify the marginal unit, a transition is made to schedules of real cost. This is an untenable procedure and results in an unsound theory of normal price for particular commodities, and an obscuring of the rôle of accounting cost in the process of value determination. Consistent analysis would indicate that the equilibrium price of specific commodities tends to equal average expenses of production. Accounting cost influences disequilibrium price through its effect upon the magnitude of marginal expenses.

Stated briefly, the neo-classical theory of value holds that value is determined by the general relations of supply and demand. The shorter the period of time under consideration, the greater would be the influence of demand in this process, and the longer the period of time the greater would be the influence of supply. The term *value* is taken to refer to a relationship that goods and services bear to one another in the process of exchange. *Normal* refers to that condition in which sufficient time has elapsed to permit supply forces to exert their influence. This discussion is confined to normal value under competitive conditions. It is generally held that the forces acting upon supply operate through cost of production.

The first question that must be considered in this analysis is the nature of the cost of production to which normal value conforms. The general problem of cost may be approached through an analysis of real costs—disutility; or of expenses of production—costs to the entrepreneur. It is commonly agreed that the meaning of cost may vary with the nature of the problem. In this paper we are interested in supply schedules for particular commodities. The first question raised is whether these supply schedules are schedules of expenses or of real costs.

Cost—whether disutility or expenses—may be taken to mean whatever is necessary to call forth supply. Clearly the meaning when used in connection with the cost of a factor of production is different from its meaning when used in a discussion of the cost of a particular commodity.[2] What

[1] Grateful acknowledgment is made here of the author's debt, in the preparation of this paper, to Willard C. Beatty of Brown University.

[2] ". . . From the point of view of society, land, by definition, is provided free, and the whole of rent is a surplus and none of it is a real cost. From the point of view of a particular industry, transfer payments are as much a part of supply price as any other element of cost, and from the point of view of an individual competitive producer the whole of rent is a cost of production. These distinctions give the clue to the somewhat confused appearance of Marshall's treatment of the subject. . ." Joan Robinson, *Economics of Imperfect Competition,* p. 107, footnote. We are interested here only in indicating that the meaning of cost may vary with the problem at hand and are not concerned with the question as to what portion of the differential return is to be included. If the conclusions of this paper are accepted, the whole of rent would be included in the normal supply price of a particular commodity. It is difficult to see how, for this purpose, transfer payments could represent supply price in a stationary state, even though they may represent social cost.

may be considered cost in one case may not be properly so regarded in another. It appears that the supply schedule for a particular commodity must be considered as expenses of production, and not real costs, for two reasons. First, because it is only as an expense concept that all the factors affecting the forthcoming of supply are included. It is true, for example, that if we regard cost as a disutility concept, rent is not a cost of land to society; yet it must be considered in the cost necessary to the forthcoming of the supply of a particular commodity.[3] Second, because in constructing cost schedules for any commodity it is necessary to introduce the price mechanism as a means of distributing the factors over their various uses and of explaining the motivation of the entrepreneur. These prices of the factors of production may not reflect real costs.[4]

The concept of cost of production, then, as a real cost phenomenon would seem to be inadequate in the explanation of the cost which is necessary to call forth the supply of a particular commodity. Supply prices here may not reflect the real costs of the factors involved in their production and, more important, may include the return to a factor when no disutility is involved in the supply of any portion of that factor. In the following discussion, in the construction of normal supply schedules for any commodity, cost of production is taken to be expenses of production.

We may now turn to the meaning of normal. As indicated in an earlier paragraph, normal is that condition in which supply, or cost of production, has its greatest influence in the determination of value. This seems to be the most fruitful concept and would have validity only in a stationary state or, if one prefers, in a condition of moving equilibrium. Marshall in defining normal writes:

> It is the average value which economic forces would bring about if the general conditions of life were stationary for a run of time long enough to enable them all to work out their full effect.[5]

A normal supply curve for a particular commodity, therefore, may be conceived as a series of points representing completed adjustments of the existing forces to various quantities of output. Each point on the curve is determined independently and would find a counterpart in actual price

[3] It is desirable to indicate here only that the payment to land must be considered as a part of supply price. The possibility of there being a no-rent marginal increment, or producer, in a normal situation is discussed at a later point.

[4] "We are here concerned with *supply* prices, and are interested only in those costs which influence the entrepreneur in fixing his supply prices. But these obviously must be *his own* costs, *his own* sacrifices, not those of the persons from whom he purchases particular contributing services. But his costs, in the case of the contributing services of other persons, are plainly the sums of money which he pays for those services. . ." F. M. Taylor, *Principles of Economics*, 8th ed., p. 318. Also, H. D. Henderson, *Supply and Demand*, pp. 163-4.

[5] *Principles*, 8th ed., p. 347.

only in a stationary state. The controversy over the possibility of an equilibrium price in a decreasing cost industry under competitive conditions has no place in this discussion. Whether the normal supply curve be one that indicates conditions of decreasing, increasing or constant costs in the industry, it is still true that normal is a condition in which cost of production governs price. As anything more than a tendency, this is to be found only in a stationary state. There remains one other characteristic of the normal supply schedule that we must note. Time is involved only in the sense that we allow time for the forces to work themselves out completely for each rate of production. Passage of time is not involved in movement along the curve, from left to right or from right to left.

It has been indicated so far that we are concerned with supply schedules for particular commodities under conditions in which cost of production governs value. It has been shown that this condition is one exemplified by the stationary state or the so-called normal. In order that all the factors affecting supply price may be included and because the price mechanism must be introduced in distributing the factors over their various uses, it is necessary that cost be regarded as expenses of production and not as real costs in the construction of these normal supply schedules. We are faced now with the necessity of determining whether it is marginal or average expenses of production which govern normal value, and whether or not there is any distinction between marginal and average under these conditions.

Average expenses are merely the total expenses for any one rate of production divided by the number of units produced. Marginal expenses are usually defined as the cost of an additional unit. Before considering the difficulties involved in determining what additional cost is, it is necessary to examine the nature of marginal and average costs in a normal situation with a view to deciding whether or not these two concepts have separate identities. We may approach this question from two directions. First by deciding whether the requisite of equilibrium is fulfilled by a condition in which marginal costs govern value. This approach is dynamic and considers the manner in which equilibrium is achieved. Second by examining the conditions after the equilibrium is established to determine whether "marginal" has any meaning. This involves scrutiny of the compatibility of the idea of a marginal cost, for any one rate of production, with the idea of normal. It is hoped thereby to indicate the place of the marginal cost analysis in value theory, and the forces that must be included in determining its quantitative character.

There is no need of repeating here the discussion relative to the first point, which has been developed by others. Joan Robinson writes:

> Now, when competition is perfect, marginal revenue is equal to price. Marginal cost must therefore be equal to price. But for full equilibrium price must be equal

to average cost. Full equilibrium can therefore only be attained, under perfect competition, when marginal cost is equal to average cost.[6]

And Fritz Machlup:

The long-run analysis, comprising a theory of investment and re-investment, postulates as a condition of equilibrium, and therefore as a ruling tendency, that not only marginal cost but also average total unit cost be equal to price.[7]

Equilibrium is present only when marginal cost equals average cost, because if price is above average cost an additional supply will be forthcoming and if average cost is above price a portion of the supply will be removed. The requisite of equilibrium is fulfilled when marginal cost equals price; but we must note that average cost must also equal price, and it would appear therefore just as valid to hold that average cost governs value in a normal situation as it is to hold that marginal cost is the decisive factor. A normal supply schedule is one showing a series of such points of equilibrium—each one representing a condition in which marginal and average costs are equal.

It is obvious that the term *average cost* would have meaning both in periods of transition and in periods of equilibrium. Furthermore it is not affected by the presence or absence of fixed costs and thus has a consistent meaning in both cases. The same is not true of marginal cost. Marginal cost in dynamic periods is affected by the presence of fixed and variable costs, as these terms are generally defined. Certain items of expense are fixed and occasion no change in total cost as output is increased or decreased. What items fall within this classification depends upon the length of time under consideration.[8] The longer the period of time involved the greater the opportunity for fixed costs to adjust themselves to the current replacement costs. Thus in a normal situation there would be no divergence between original and replacement cost, there would be no errors in forecasting, and all costs would therefore, in effect, become variable. The term marginal when applied to a normal situation in which all costs are variable, has a meaning different from that when applied to a situation in which there are fixed costs. This does not deny that the idea of a margin in the real or disutility cost sense has a consistent meaning in both transition and equilibrium. But a real cost approach has been shown to be inadequate for our specific purpose.

What is the marginal cost of any one rate of production of a particular commodity in a normal condition? If it is a tangible concept, how may we recognize it? In a normal state marginal cost has become a quantity identical in magnitude with average total unit cost.[9] Thus the quantitative

[6] *Economics of Imperfect Competition,* p. 95.

[7] *Quart. Jour of Econ.* vol. 48, p. 563.

[8] The influence of accounting theory and industrial organization has been consciously ignored at this point.

[9] Marshall, in a discussion of the stationary state, writes: "The aggregate expenses

method of identification loses its applicability. Two other possibilities may be noted. Marginal cost may be conceived in a comparison of producers (or increments of production) at any one rate of output for the industry, or by a comparison of one rate of output with another rate. Both of these methods have been used without full recognition of the implications of normal and without consistency in the use of the concept of expenses, rather than real costs.

The validity of the comparison of the costs of different producers, represented in the normal supply of a particular commodity, and the presence of cost differentials appears to be based on the notion that the supply schedule is a schedule of real costs. If it can be shown that there are cost differentials, then some one or some group of producers can be selected as the marginal ones, and marginal and average again assume separate identities.

We may note here the approach to the problem of normal price employed by several elementary textbooks in order to illustrate this point. In both cases cited below the authors have first constructed the supply schedules for particular commodities on the basis of expenses of production. The identification of the marginal producer, whose costs are those toward which long-run price tends, takes place after the schedules are constructed.

Thus, F. M. Taylor in his *Principles of Economics* (p. 339) writes that the tendency is for the price of an increasing cost product to equal its marginal cost. To guard against an objectionable interpretation of this formula we are warned that the greatest cost at which production is being carried on is not cost to producers who are behind the times in methods and facilities and are perhaps losing money. Such persons are not true marginal producers. "The true marginal producer of any service or commodity is the *man who would first quit production should price fall* . . ." (p. 569).

And Garver and Hansen in their text, *Principles of Economics*, present the following:

> In a dynamic society normal price tends, therefore, to coincide with the average cost of production of a firm or group of firms that is somewhat more efficient than the least efficient producers in the field (p. 180).

Since the supply schedules are in terms of expenses it is necessary to indicate the source of cost differentials. This is done by translating the money costs into economic costs.

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of production might then be found either by multiplying these marginal expenses by the number of units of the commodity; or by adding together all the actual expenses of production of its several parts, and adding in all the rents earned by differential advantages for production. The aggregate expenses of production being determined by either of these routes, the average expenses could be deduced by dividing out by the amount of the commodity; and the result would be the normal supply price, whether for long periods or for short." *Principles*, p. 810.

> It is said that the possession of unusually productive natural resources, such as favorable sites or rich mines, is a prime source of low costs. To this explanation there is, however, a very damaging objection. . . . Since land is a purely physical, non-human element in production, other entrepreneurs could produce as much on the favorable site as do group A. Competition for such sites will therefore raise them in value . . . (p. 184).
>
> Low costs are also said to be attributable to goodwill. . . . But goodwill usually has its economic cost. . . . Here again, if the goodwill has a market value, it should be counted as part of the cost of production, since the firm enjoying it could sell it to another producer who could use it as efficiently as its present owners (p. 185).

The same analysis is found to be valid in the case of patents and secret processes. In all these cases accounting costs have been adjusted to represent capitalized earning power—to make replacement and original accounting cost the same (a condition which would be true in a normal situation as presented in this analysis). But the economic cost of the entrepreneur is not arrived at by capitalizing his earning power, and here we find the source of differentials and the means of identifying the marginal cost or producers.

> But correct economic analysis requires that the entrepreneurs should be credited with the salaries they could earn as hired managers, and these salaries likewise are a part of the economic cost of production (p. 186).
>
> Hence normal price agrees neither with the average cost of production of all the competitors taken together nor with the average cost of any one of them except the marginal firms, but with the marginal cost of all, the extra-marginal group excepted. . . . The sum of these economic costs equals the normal price of the product (p. 188).

In light of the analysis of the nature of normal supply schedules for particular commodities presented prior to these quotations, the following objections may be made to such methods of identifying a marginal cost.

First: The assumption that the differential returns present in a normal situation are not costs of production is essentially a real-cost analysis. To write of a greatest cost or of the service of an entrepreneur as having a cost equal to that which he could earn as a hired manager implies some meaning beyond expenses. In a purely expense concept marginal has no significant meaning in a period of equilibrium. It must mean that the monetary return for some factor or factors of production in a particular use is in excess of that necessary to call forth their services for that use, and this is a form of the real-cost approach. If real cost is inadequate in the construction of such schedules of normal supply price, they cannot be read into the schedules after they are constructed on a monetary basis, as an explanation of actual price. This does not mean that the schedules may not be used as a point of departure in the explanation of the cost of the product to society in some other sense.

Second: They imply that comparisons can be made between two different normal rates of production. When the adjustment to a new rate of produc-

tion is completed, the combinations of the factors, the techniques employed, and the producers in the field may have changed. There is considerable possibility that no production unit would exist at the second rate in any form that could be compared with the previous rate.

Third: The idea of a price-conscious increment is not definite enough for the problem of value determination; if it is used there is no way to identify the marginal cost to which long-run price tends; no way to determine which factors have a return that is part of normal cost of production. There is no way to determine which part of the production will be affected as the price-conscious increment is said to be. If the marginal increment is said to be the portion on the no-rent margin and also the price-conscious portion, there is an inconsistency in the analysis, since the price-conscious increment may be the increment with a differential return. This inconsistency is present even though only part of the price-conscious increment includes a differential return.

Fourth: For purposes of the normal supply schedules for particular commodities, the total supply price must be the sum of the supply prices of the individual producers. A concept which includes the idea of a differential return does not meet this test. This argument does not, of course, apply to a concept which has as its purpose the presentation of the social cost of specific products.

Fifth: Much of the adjustment of accounting cost to make it represent economic cost is unnecessary in a normal situation. In that situation all costs become, in effect, variable; and the divergence between original and replacement cost disappears.

It would appear, then, that in neither of these presentations is there a concept of marginal cost that may be used to illustrate the normal cost of particular commodities in the sense of actual supply price in such a conceptual period. There appears to be either a combination of a static and a dynamic situation, or a combination of real cost and expenses in the same presentation. There has not been a full recognition of the implications of normal, or a consistent use of the concept of expenses. The authors have employed both devices—a comparison of producers at one rate of output, and a comparison of one rate of output with another—in identifying normal marginal cost. It seems necessary that different terminology and statistics be employed in presenting the two problems of supply price and economic cost.

One other approach, that of Fairchild, Furniss and Buck, may be examined. In the discussion of normal supply prices of producible goods we find that supply is normally governed by expected future cost of production (p. 192); and in the long run all costs tend to become variable (p. 194). We find also that producers tend to push production to the point where their marginal costs are equal to price (p. 217), marginal cost having been

defined as "the rate at which total cost changes with a small change in output . . ." (p. 203).

In the discussion of economic rent we find the following:

> The point should be emphasized that this part of the farmer's income (rent) is a *true surplus* over and above all payments required to induce production of the quantity offered for sale. It will be recalled that the total cost of production includes interest on all capital used, wages for all hired labor, replacement of all materials consumed, and a remuneration for the labor and management of the farmer adequate to call forth his effort (p. 333).[10]

It would appear that the former analysis dealing with the problem of the supply prices of individual commodities would have led to the conclusion that normal price tends to equal the average expenses of production. They would appear to agree that marginal expenses disappear in a normal situation because the schedules are constructed solely in terms of expenses and all expenses become variable in the long run. Yet when the problem of economic rent is encountered there appears a somewhat different approach to normal price. It would appear that the normal price of particular commodities tends to equal a cost consisting of the real cost of the entrepreneur plus the actual expenses to the other factors save land, which is excluded entirely. This approach seems to illustrate the difficulties involved in passing from the problem of supply price to the problem of economic cost of a particular commodity with the use of the same diagrams and terminology, and the resulting inconsistency in the concept of a normal cost which governs price. The concept of cost used in the explanation of economic rent, if used as supply price, is open to the criticisms made of the previous approaches.

Therefore, the following conclusions as to the methodology of presenting the problem of supply prices for particular commodities would appear to be valid. Quantitatively marginal cost for any one normal rate of output is the same as average cost. Attempts to identify marginal cost by a comparison of producers at one rate of production or by a comparison of cost at one rate with cost at another rate, meet with serious objections that invalidate such an approach. In a normal situation the term marginal has no distinctive meaning and its real application is to a situation that is dynamic. The cost of production to which normal price tends is average cost. We must eliminate the use of the term marginal cost in an equilibrium situation to avoid confusion and misunderstanding. The concept of marginal cost *is* significant in periods of change, and only by an examination of it in its proper sphere may we hope to present the forces determining its quantitative character.

This discussion has been confined to an examination of the nature of a normal supply schedule for a particular commodity under competitive

[10] *Elementary Economics*, 3d ed.

conditions. It has been demonstrated that cost must be regarded as expenses of production in the preparation of such a schedule. It has been shown, also, that the cost of production to which normal price tends is average cost and that marginal cost is a purely dynamic concept. The measurement of these magnitudes is an important thesis of another large body of doctrine—accounting.

It has been customary to dismiss the influence of accounting cost in value determination by pointing out that in the long run such costs have no influence on price. In the long run it is the market or replacement or prospective cost that is significant, and historical cost systems are not. The business man, under competitive conditions, must meet the market price and his accounting costs are merely an indication of whether or not he is succeeding. His average accounting costs determine whether he will produce at all or not, and his marginal costs determine how much he will produce.

The fundamental basis of such an approach is the belief that the ruling tendencies in a period of transition must be conditions present in a period of equilibrium. A consistent application of this doctrine would necessitate a revision of the concept of marginal cost governing value in periods of transition, because this idea of cost has a quite different meaning there from that in a normal situation. The average accounting costs influence the periods of disequilibrium as well as the accounting marginal costs, even though marginal cost disappears in a static state and even though the average cost has a different magnitude in one case from that in the other. In a sense it would be correct to say that in the long run accounting costs determine price because in a normal situation market and original costs are the same and there are no errors of forecasting. There is always some tendency for historical costs to equal the prospective cost. Business men are influenced by accounting theory and technique and if the thus calculated costs are not met supply will not be forthcoming. In short periods the important cost may not be replacement but historical. Marginal costs are determined quantitatively from historical cost records.

It is not only in a monopolistic or semi-monopolistic situation that business men affect price through control of supply. It may be admitted that an individual producer has no effect; but a system of cost calculation that is employed by every producer in the field exerts a control as positive and real as does any monopolist. This system need not be uniform—there need be only certain fundamental theories and principles that find general application. Neither is it necessary that the cost of fixed assets be in conformity with the market cost. The policies of deferred charges and income, methods of depreciation, methods of cost distribution where there is more than one product, etc., apply regardless of the value of the assets in the records of the concern. The dismissal of the influence of the whole body of accounting technique on value because of a divergence of original and

replacement cost in a period of change is of highly doubtful validity. It has resulted in neglect of the influence of accounting cost on the action of producers. The influence of historical accounting cost on value determination in a period of disequilibrium has been denied, absurdly enough, because the average of these costs during a period of change would not equal the cost in the conceptual stationary state we examine in order to discover governing tendencies. As a matter of fact, in a normal state they have as much influence as any other force. In the actual world these costs are not mere reflections of superior forces, but are themselves determinants of the actions of entrepreneurs.

But it is with the period of disequilibrium that more and more of the recent writings have been concerned. Here the influence of marginal cost in short periods is recognized and accorded a rather powerful rôle in the process of value determination. But the idea of the cost of an additional unit is not a simple one or one of which the individual business man is made aware through some divine inspiration. What additional cost is depends upon the particular situation surrounding the consideration of an increase in output, it depends upon the purpose of the increase, and it is influenced by the generally accepted habits of cost calculation and the nature of the industrial organization. An emphasis upon the rôle of marginal cost in the short-run value process, concomitant with a submersion of the rôle of accounting practice is a contradiction.

We should not subscribe to the doctrine that marginal cost is of no importance in a period of disequilibrium because in a period of equilibrium marginal must be equal to average. Neither must we subscribe to the thesis that accounting costs—historical costs based on original costs[11]—have no influence in a period of disequilibrium merely because in a period of equilibrium original and replacement cost are identical. An examination of many graphic presentations of the laws of price will reveal a mixture of dynamic and static conditions. Attempts are made to point out the position of price in a condition of equilibrium on the basis of conditions in a period of change—conditions which disappear when the normal is achieved. We may seriously question the applicability of curves of marginal cost and marginal revenue on charts purporting to represent a normal situation for all possible rates of output. They apply only to the method of illustrating how equilibrium is achieved, and then for only one rate of production.

The failure to recognize normal supply schedules for particular commodities as schedules of expenses, leads to an application of the concept of marginal cost to supply price in a period of equilibrium. The use of marginal in this situation has led economists to believe that they had an

[11] The distinction between fixed and variable cost and its implications cannot be applied to the distinction between historical and replacement cost. Fixed costs may not affect the marginal cost curve but historical costs may.

explanation of the activities of the entrepreneurs that could be divorced from the general body of records and reports from which business men calculate their costs. It has been said that in periods of disequilibrium or periods of normalcy these records were not effective in the process of value determination. All this would appear to be untrue. Value in periods of change, and the activities of entrepreneurs, are influenced by a general body of accounting theory whose fundamental principles pervade the records and color the thinking of business men. Any force which may influence the total supply offered in a period of disequilibrium cannot be said to be without significance in the process of value determination.

The purpose of this paper has been to present an approach to the problem of value determination that seems to have been neglected. It is not suggested that the traditional analysis be rejected but rather that it be supplemented. It is suggested that the proposed methodology has greater applicability for certain purposes. It would appear that the problem of supply prices for particular commodities should be segregated from the problem of the economic cost of these commodities to society. The attempt to pass from one problem to the other, using the same tables and terminology, has resulted in much confusion and inconsistency. It has resulted in the presentation of the former problem in a less realistic manner than would be possible were this distinction made important in the statistical analysis of the value problem. The criticisms of current value theory here presented are not intended to apply to the use of the traditional approach for the more general problem of the source of value.

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DR. MOULTON'S ESTIMATES OF SAVING AND INVESTMENT

Dr. Moulton recently stated, in reply to a criticism of his results by Professor Bye,[1] that his conclusions could be proved false only if his statistical findings were "discredited." This article attempts to show that Dr. Moulton's estimates of saving and investment are inadequate. The estimate for saving is inadequate for the following reasons: (1) the small coverage of the budget surveys used to determine the porportion of income saved, especially in the higher income groups which are responsible for most saving; (2) the variety of different definitions of saving contained in these budget surveys; and (3) the assumptions upon which the estimates of the number of families in each income class and the volume of their income are based. The estimate of investment is found to be less than the estimate of saving, because the former contains no allowances for: (1) capital gains (which are included in the estimate of saving); (2) private outlets for "investment money" (*i.e.*, other than publicly offered securities); and (3) investment in working capital, etc., (which Dr. Moulton chooses to call "unproductive"). The article concludes that no statistical evidence is available to tell whether savings and investment are unequal, or, if so, which is in excess of the other.

I

The four volumes[2] of the study recently completed by the Brookings Institution have received such remarkable publicity that it is important to consider carefully the conclusions they contain. In a recent article in this *Review* Professor Bye criticized the theory underlying the entire study. Dr. Moulton replied: "The proof of the charge that we show a bias which discredits our statistical findings must be sought in the statistical analysis itself. Unless a critic is able to show that our data are inadequate or irrelevant to the issues involved, he cannot be regarded as having proved our conclusions false." The present article will attempt to "discredit" Dr. Moulton's conclusions by criticizing the basic statistical estimates.

A brief summary of the Brookings conclusions will indicate the importance of the estimates to be considered. The first volume, which attempts to measure America's physical capacity to produce, maintains that during the 1920's we produced only about 80 per cent of the goods and services we were physically capable of turning out. To explain this alleged failure to utilize our plant capacity fully, a study of the relationship between the distribution of income and the amount of saving was undertaken in the second volume. Savings were found to have increased rapidly during the period, from about $12.5 billion annually in 1923 to $20 billion annually in 1929. Thus the first two volumes are largely of a statistical nature.

The third volume contains the conclusions based upon the findings of the first two. In it the argument runs as follows: Investment can be shown to

[1] Raymond T. Bye and Harold G. Moulton, "Capital Formation and Inequality," *Am. Econ. Rev.*, Dec., 1936, pp. 607-620.

[2] *America's Capacity to Produce,* by E. G. Nourse and associates, 1934; *America's Capacity to Consume,* by M. Levin, H. G. Moulton and C. Warburton, 1934; *The Formation of Capital,* by H. G. Moulton, 1935; and *Income and Economic Progress,* by H. G. Moulton, 1935. All were published by the Brookings Institution.

increase only at those times when consumption is also increasing. Therefore, capital formation depends upon "a concurrently expanding consumptive demand."[3] With a fixed national income it is recognized that an increased flow of funds into both investment and consumption channels is impossible; but the banking system, by means of credit expansion, is thought to have remedied what would otherwise be an "economic dilemma." However, little emphasis is placed on the banking system in the period after 1920, because in that period monetary saving ($15 billion in 1929) was estimated as being greatly in excess of "net productive investment" ($5 billion in 1929), so that even without credit expansion ample funds were available for investment as new capital. But it is argued that savings, while constituting a fund out of which new investment can be financed, will be invested only when there is an expansion of consumptive demand. Such an expansion increases the utilization of our present plant capacity and so gives rise to new opportunities for profitable investment. When consumptive demand does not expand, the Brookings report declares, savings will not be invested but rather will be "dissipated," mainly in bidding up stock market prices (such "dissipation" amounting to $10 billion in 1929). This leads to the conclusion that economic progress awaits such a redistribution of real income as will increase consumptive demand, and so stimulate the employment of "excess" savings.

It is clear, then, that the entire analysis of Dr. Moulton depends upon the existence of an "excess" of savings over investment in the period before 1929. For if there was no such "excess" during the period, consumptive demand must have been expanding rapidly enough to provide investment opportunities to absorb all the savings that were being made, even if our capacity was not being fully used. Therefore, the study would have offered neither explanation of nor remedy for the alleged failure to use our plant capacity. In this article we shall attempt to prove that the Brookings statistics are inadequate to establish the "excess" of savings. Our conclusions are that: (1) the estimate of saving is statistically unsound, unwarranted conclusions having been drawn from inadequate data; (2) the contrast of monetary savings with "net productive investment" is misleading, because the figures are not comparable; and (3) when the two estimates are rendered comparable, the alleged "excess" will be found to disappear. If these contentions are correct, no facts capable of explaining the statistical results of the first volume are contained in the subsequent ones.[4]

[3] *The Formation of Capital,* p. 175.

[4] W. H. Lough, *High Level Consumption* (McGraw-Hill, 1935) contains (in Appendix G, pp. 320-330) a criticism of the worth of certain other estimates in *America's Capacity to Consume.* The author concludes: "The American public has a right to expect from the Brookings Institution something better than this extraordinary tissue of groundless assumptions, twisted statistics and preconceived dogmas" (page 330). Use has been made of some of these criticisms in the text of this article.

II

Dr. Moulton estimates that savings increased from perhaps $12.5 billion annually in 1923 to approximately $20 billion annually in 1929,[5] an increase of $7.5 billion. These estimates are based upon some 19 family-budget studies ranging over a period of years from 1918 to 1930, which were found to be sufficiently comparable in their classifications to be deemed suitable for the purpose in hand. No attempt was made to allow for an altered distribution of expenditure, caused either by a change in tastes or a change in relative prices. The following are some of the striking features of the data used:

Estimates for farm families, constituting 23 per cent of all families in the country, are based on six surveys made between 1924 and 1930 in a total of 16 counties. In one of these surveys "savings" are defined as "the excess of income over expenditures, which is presumed to have been reinvested in the farm;" in another as the "balance between income and expenditures."[6] As a result of such broad definitions "savings" of farm families with incomes over $4,000 are given by the budget surveys as averaging over 58 per cent of income, in one case running up to over 70 per cent.[7] What is obviously needed, but not made, is a substantial allowance for expenditures of a business nature which would not figure in a survey of family expenditure, but which are quite obviously not savings.

Next, for families with incomes above $6,000, the Brookings result is dependent upon three surveys, made between 1922 and 1930, and covering a total of 87 families.[8] Yet families with incomes above this level received 37 per cent of the total family income and were responsible for 77 per cent of all family saving, according to Dr. Moulton's estimates. No budgetary surveys of any sort were available for people with incomes above $20,000. To supplement these surveys a questionnaire was prepared and circulated in 1933, purporting to yield results for 1929. The questionnaire was answered by 387 people with incomes over $6,000, and 44 with incomes over $20,000.[9] These 44 replies were averaged and "all living expenses" and "savings" were plotted as functions of income. The curves thus obtained were then extrapolated for the remaining income range.[10] In other words, all estimates relating to the saving of families with incomes above $20,000 are based on 44 replies to a questionnaire sent out in 1933 and purporting to yield results for 1929. Yet the Brookings report estimates that families with incomes above this level were responsible for 54 per cent

[5] *The Formation of Capital,* p. 142.
[6] *America's Capacity to Consume,* p. 245.
[7] *Ibid.,* p. 251.
[8] *Ibid.,* p. 248.
[9] *Ibid.,* p. 255.
[10] *Ibid.,* p. 258.

of all family saving. Only 44 replies to a questionnaire is an inadequate sample.

This is by no means all. As a result of some involved computations,[11] the answers to the questionnaire have been made to yield results somewhat at variance with the original material. The following table shows the percentage of total income saved in the different income classes as reported by the questionnaire; these are contrasted with the percentage of income saved (in roughly the same classes) which we have calculated from the estimate of the disposition of income which Dr. Moulton has supposedly (for the relevant classes) derived from the questionnaire.[12]

Table I

Money income classes (in dollars per annum; 000 omitted)	Cases in each class	Percentage saved as given in questionnaire	Money income classes (in dollars per annum; 000 omitted)	Percentage saved as given in estimate
20– 30	18	33	20– 30	39
30– 50	14	46	30– 50	40
50–100	5	43	50–100	44
100–200	4	48	100–250	49
200–400	2	44	250–500	54
over 400	1	40	500–750	58

The questionnaire and the estimate, it will be noted, do not diverge substantially until in the vicinity of incomes of $200,000. From then on, however, the estimate continues the trend of savings upward despite the fact that the remaining three replies to the questionnaire leave it downward for incomes larger than $200,000 a year. Further, if we were to fit a trend to the percentages saved from incomes larger than $30,000 a year—as derived from the questionnaire and apart from any other data—we should arrive at the conclusion that savings decreased as incomes increased, which is the exact opposite of the trend indicated in the estimate.

Incomes above $250,000, according to the Brookings estimate of the disposition of income, provide $4 billion of savings or 27 per cent of the total, because the report estimates that over 61 per cent of all income above that figure is saved.[13] The original figures of the questionnaire, however, apparently show that only 42 per cent of all incomes above $30,000 was saved; and this figure is *higher* than the percentage of income which appears to have been saved for incomes over $200,000.[14] The number of cases is,

[11] *Ibid.*, p. 258.
[12] *Ibid.*, pp. 255 and 261.
[13] *Ibid.*, p. 261.
[14] *Ibid.*, p. 255. Both this percentage and the previous ones are calculated from total saving and total income above the income level in question and so are not comparable

of course, very small in the upper ranges, but this would seem to discredit the method used rather than to justify the extrapolation made. To illustrate the magnitude of the savings involved and without suggesting what the proper figure should be, it is worth noting that if we apply 45 per cent instead of 61 per cent to the total volume of income received above $250,000, we arrive at a figure of total savings of less than $3 billion as opposed to $4 billion. This discrepancy is nearly 8 per cent of total non-farm saving of $13.7 billion.[15] In summary, when the highest percentage of income saved was 48 per cent for incomes under $200,000, according to the questionnaire, with a smaller percentage for incomes above that figure, it is not clear why Brookings estimates that 61 per cent of incomes above $250,000 were saved in 1929.

Thus far we have criticized only the estimate of the percentage of total income saved. To get an absolute figure for the volume of saving it is necessary to multiply these estimates of the percentage typically saved in each income class by the number of families in the class. But this last also has to be estimated, because no accurate data exist relating the income of the head of the family to income which is supplementary to his own. This relationship partly determines the number in each income class. But the solution presented by the Brookings study seems seriously to underestimate the numbers of families in the lower income ranges. For the solution used in the study involves these two assumptions: (1) that the ratio of supplemental incomes per family is uniform for different income classes (up to $15,000); and (2) that the size of supplemental incomes is roughly proportionate to the incomes of heads of families.[16] No data are offered in support of these assumptions, which seem contrary to general observation.

Further, the number of people in the higher income brackets has been greatly increased by the inclusion of capital gains in income. Such gains serve to raise the estimate for all incomes above $10,000 by 31 per cent and above $100,000 by 65 per cent. We shall subsequently argue that such gains should not have been included in the estimate of income from which savings are derived. If this is so, the estimate of savings will be reduced by more than the volume of capital gains saved, because the residual income after capital gains are deducted will fall into a lower income class, where a smaller percentage of such residual income will be saved. Both the inclusion of capital gains and the assumptions regarding supplemental income, therefore, seem to place more people in the higher brackets than otherwise would be there, which in turn tends to exaggerate the volume of savings.

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directly with the figures in the table in the text, in which all savings within each income bracket were calculated as a percentage of all income within the same bracket.

[15] *Ibid.*, p. 95.

[16] Lough, *op. cit.*, pp. 324-327.

III

These samples of the bases upon which the estimates of saving are made seem to show that the figures are statistically inadequate. But the use to which they are put is even more misleading than the figures themselves. It will be remembered that Dr. Moulton estimates that in 1928 and 1929 there were roughly $20 billion of savings annually, composed of $15.1 billion of family savings, $2.6 billion of unattached individual savings, and $2.2 billion of corporate savings. Further, he contends that these savings were in excess of the amount of investment during the period in question. Therefore, our problem is to find what part of the savings may be compared with the value of the investment in new capital, to see if there was any excess of the one over the other. Dr. Moulton has defined capital as "commodities resulting from past production which are being directly utilized in the processes of further production—either of consumers' goods or new tools of production."[17] He calls this concept of capital "net productive capital" and finds that such capital amounts to $3.2 billion in 1929. To this is added $1.5 billion to cover the net flotations of rural and urban mortgages, presumably because the estimate of saving includes, despite the definition of capital used, payments for the purchase of houses. This gives us a total "net productive investment" of $5 billion in 1929. This peculiar conception of investment is partly responsible for Dr. Moulton's striking results.[18] It rules out numerous forms of investment such as additions to working capital (including all funds used to hold stocks of goods), and funds used to finance installment buying or to meet interest payments (which directly return to consumers). It is this figure for investment which we are to compare with savings to see if there was any excess or deficiency.

First of all, we contend that capital gains are not part of the national income and so cannot be thought of as constituting savings available for investment, though under certain circumstances they may be treated as part of the income of individuals. Dr. Moulton seems to recognize this clearly in the following quotations: "The rise in the value of existing property cannot be considered as national income; it represents no actual addition to the wealth of the nation. . . . The spurious nature of much of this income, even in so far as individuals are concerned, is well recognized. . . . As a general proposition, if a choice were possible, we would be inclined to leave capital gains out of consideration. In the present instance, however, practical considerations have made it necessary to adopt the opposite course," because it was necessary that the estimates of distribution of income "could be used effectively in connection with existing budgetary studies containing needed

[17] *The Formation of Capital,* p. 9.

[18] It also allows him to misstate the "classical analysis," which never held that an increase in savings resulted "automatically in a corresponding expansion of the volume of *new plant and equipment*" (*The Formation of Capital,* p. 138, my italics).

information with respect to the disposition of income."[19] Capital gains realized by individuals are estimated by Dr. Moulton at $6.2 billion in 1929;[20] and to this figure it seems necessary to add $1.3 billion, which is that part of the additions to corporate surplus which was realized from the sale of property.[21] Thus the total of capital gains was around $7.5 billion. In view of the magnitude of this figure and the clear recognition of the "spurious nature" of the gains, what provision does Dr. Moulton make for them in his estimate of saving?

No easy answer is possible. At no point in *The Formation of Capital* is it so much as mentioned that the figure for saving includes capital gains; and the fact is included in *Income and Economic Progress* only in an appendix[22] devoted to discussion of the criticisms made in *High-Level Consumption,* already referred to. Further, this appendix is muddled. Mr. Lough, Dr. Moulton says, "computed his savings from the records afforded by the financial markets, in the form of life-insurance premiums, bank accounts, security purchases, etc." The difference between the figure thus obtained ($9.3 billion) and his own ($17.8 billion)[23] Dr. Moulton explains by the inclusion in his estimate of $2 or $3 billion of direct saving[24] and all capital gains. He continues:

> If we were to further [in addition to the $2 or $3 billion above] subtract $6.2 billion of capital gains (our estimate of the *total* amount), we should have approximately $9 billion. The results obtained by Mr. Lough's method, with allowance for these two items, thus tend to support the general reliability of our estimates.[25]

This would seem to admit that capital gains, although appearing in individual monetary income, were of such a nature as not to appear in security purchases, etc., from which Mr. Lough derived his estimates. Moreover, this is confirmed by the statement that "when we are measuring the growth of the national income over a period of years, we exclude capital gains as not representing any increase in produced goods and services."[26] This surely would seem to indicate that a large volume of capital gains would not be matched by an equal increase in "net productive investment."

But these suppositions are not correct. For the next paragraph states:

> The *aggregate* consumptive expenditures and money savings of the nation, in the very nature of the case, include funds derived from speculative profits. Indeed they are automatically included in computations like Mr. Lough's. . . . Since they

[19] *America's Capacity to Consume,* pp. 144 and 145.
[20] *Ibid.,* p. 163.
[21] *Ibid.,* pp. 98 and 152.
[22] Appendix A, pp. 172-175.
[23] Both these estimates omit corporate savings and are for 1929.
[24] See below.
[25] *Ibid.,* p. 173.
[26] *Ibid.,* p. 174.

comprise a portion of the total disbursements they cannot be subtracted unless the total purchases of consumers' goods and securities combined are reduced by a like amount.

These two sets of quotations are contradictory. If capital gains are included in computations like Mr. Lough's, then the discrepancies between his estimate and that of Dr. Moulton cannot be eliminated by subtracting capital gains; if capital gains cannot be subtracted without reducing by a like amount purchases of consumers' goods and securities, then the exclusion of capital gains will reduce the amount of produced goods and services and so under-estimate the growth in the national income.

What is at issue here is relatively simple. Goods are bought by the recipients of capital gains; but only because others have failed to buy them out of their current income. If for any reason people hold assets that have appreciated—this may occur independently of an "inflation"—and savings are being made out of current income, capital gains may appear.[27] What happens is that savings are used to buy assets created in a previous income period, which we shall call "old" assets, instead of currently produced investment goods. In exchange for his old assets, the seller of such assets receives current savings. The buyer of them plainly does not purchase current output. But because the assets have appreciated, the seller regards the difference between their purchase price and the sales price as income.[28] He therefore feels just as free either to spend or save this portion of his sales proceeds—*i.e.*, his capital gains—as any other part of his income.

If all of these capital gains are ultimately saved and spent on currently produced investment goods in the given income period, the purchase of such goods will be the same as if the funds of the original saver had been directly spent on such goods and had never created capital gains. But if some of the gains are not invested but are spent on consumption, investment will be less than the volume of original saving. Therefore, the conclusion is that capital gains cannot increase the demand for "net productive investment" over that appropriate to the original volume of savings out of "current" income, though it may reduce it; hence, it is proper to reduce Dr. Moulton's estimate of investible savings by at least the full amount of the capital gains.[29] It is, of course, quite irrelevant that the final purchase of investment

[27] The requirement that savings are being made is necessary only because old assets are generally purchased with savings.

[28] We may assume that the sum representing the purchase price of the old assets will ultimately be invested. If it is not, the problem is one of disinvestment and not of capital gains.

[29] This seems to be Dr. Moulton's last thought on the matter. See pp. 174 and 175 of *Income and Economic Progress* where he contends that even if such gains were subtracted, investible funds still exceeded "net productive investment" by some $4 billion. This is roughly the amount by which both Mr. Lough's estimate of $9.3 billion and Dr. Moulton's estimate (after capital gains have been subtracted) exceeds the latter's estimate of $5 billion of "net productive investment."

goods may be made with money itself received as a capital gain. For that gain was possible only because savings from "current" income were spent for old assets rather than directly for new investment goods.

Dr. Moulton's original estimate of $20 billion of savings in 1929 can therefore be reduced to around $12.5 billion. All estimates of investment are based on security and mortgage flotations, so that an allowance has to be made for savings directly invested by the person doing the saving. Such direct investment of savings includes income re-invested in farms and personal enterprises, and corporate savings used for plant extensions, etc. Dr. Moulton suggests that it accounts for about $5 billion of the total. We are given no account whatsoever of the method by which this estimate is made. Dr. Moulton's phrase is simply "our data indicate."[30] It is therefore impossible to check the accuracy of the figure in detail, but a simple enumeration of the factors which must have been taken into account will indicate at least that the margin of error involved is very large. It must be remembered that estimates of savings, except for the single questionnaire, are entirely based upon broad budgetary surveys. These include as savings: (1) "withdrawals from savings for purposes that were considered to be unusual . . . such, for example, as a long vacation, a trip abroad, or exceptional educational or medical expense"; and (2) "the full amount of life-insurance premiums paid by the policyholders" without any allowance for money paid out to "beneficiaries of those who have died, or to the owners of maturing policies."[31] Money paid out by insurance companies alone amounted to $2 billion in 1929, some of which may of course have been saved. But Dr. Moulton recognizes that payments and withdrawals, plus "the value of consumptive goods and services paid for by business concerns and charged to business operating costs, may have amounted to several billion dollars."[32]

It has already been suggested that farm savings as estimated by Dr. Moulton included a large amount of income that was really expended to meet business costs of the farms in question. But, in addition, even more narrowly defined "savings" were surely directly re-invested in large degree, as farmers' savings "include income re-invested in farm properties, and the net increase in their herds of livestock,"[33] plus changes in farm inventories. Next, a considerable portion of additions to corporate surpluses must have been directly invested in plant extensions. Finally, there remains an even larger item of direct investment in small, local commercial and manufacturing enterprises. All of these items have the common characteristic that the saving and investing are done by the same person, so that

[30] *The Formation of Capital*, p. 141.
[31] *America's Capacity to Consume*, p. 89.
[32] *Ibid.*, p. 90.
[33] *Ibid.*, pp. 78 and 245.

the savings do not come into the market as "investment money."[34] Realizing that the margin of error is great, let us accept Dr. Moulton's figure of $5 billion of such investment and subtract it from the total savings (from "produced" income) of $12.5 billion. This leaves $7.5 billion, which is an excess over "net productive investment" of $2.5 billion.

But Dr. Moulton has apparently made no estimate for one very considerable channel into which "investment money" may flow. Large sums are invested in non-corporate enterprises by note or other non-negotiable forms of debt and in corporate enterprises by the private sale of securities. Dr. Moulton's estimates for "net productive investment," however, are derived from security flotations listed in *The Commercial and Financial Chronicle*, which includes only those issues which are publicly offered. Private investment, by its very nature, is difficult to estimate. By a method which seems somewhat dubious Mr. Lough has arrived at a figure of over $4 billion for private financing of corporations alone in 1929. Whether or not this is the right figure, its size shows the possible magnitude of Dr. Moulton's omission. Nor can it be argued that this matter is covered in the unexplained allowance for direct investment, because such investment is specifically contrasted with the remainder of savings, which is called "investment money."[35] Obviously private financing is done out of "investment money."[36]

Finally, it is not clear that Dr. Moulton is justified in eliminating from $9 billion of "net new financing" in 1929 all but $3.2 billion of "net productive capital." The issue is not one of definition. Rather the point is that if savings are being invested in forms that Dr. Moulton does not consider productive, an adjustment covering such investment must nevertheless be made if investment is not automatically to be reduced to less than the figure which includes all forms of saving. This principle Dr. Moulton recognizes, because he allows for the purchase of houses and for direct investment. Of these the former and much of the latter are neither capital nor productive according to his definition. But additions to working capital (to buy the stocks of materials needed) are normally thought of as productive, as business cannot be expanded without them. During the period before 1929 working capital was regularly being financed by security issues. Further, unless some of the capital for banks and similar enterprises is considered productive, no allowance would be made for buildings and other real capital bought by such corporations. It is obviously impossible to exclude bank buildings as unproductive and include homes as productive. In view of the lack of a clear concept of "productive" investment and of

[34] *The Formation of Capital*, p. 141.

[35] *Ibid.*, p. 141.

[36] A similar problem is the matter of stock dividends and sale of previously authorized treasury stock, etc. Stock received as dividends, which was presumably sold for income by its recipients, absorbed "investment money" without being listed as a new issue by the *Chronicle*.

reliable figures, it is impossible to estimate the volume of investment at issue, but such investment clearly should have been taken into account.[37]

It is worth pointing out that no evidence is presented by Dr. Moulton to indicate a change in the proportion of "productive" to other forms of investment. The increase in savings from 1923 to 1929 was exactly equal to the amount of capital gains in the latter year. No estimate is given for capital gains in the former year, but they were probably small, so that with a roughly equal allowance for direct investment in the two years the volume of "investment money" was very nearly the same. And as "net productive investment" was the same in the two years, it follows that other investment was roughly equal. Whether these figures are correct or not need not be discussed. The important point is that the increase in saving, which Dr. Moulton stresses so much, was caused, according to his own figures, by the increase in capital gains between the two periods—if capital gains were negligible in 1923. Perhaps this explains why a greater percentage of capacity was used in 1929 than in 1923, although the "dissipation" in 1929 was three times that in 1923. It also shows that Dr. Moulton's discovery that "the rate of growth of new plant . . . is adjusted to the rate of increase of consumptive demand rather than to the volume of savings"[38] is a discovery only if one expects capital gains to produce new plant.

In summary, then, it appears that the "excess" of saving over investment in 1929 was three-quarters due to the unjustified inclusion of capital gains in the figure for saving, and the remaining \$2 or \$3 billion were the result partly of the failure to take account of private outlets for "investment money" and partly of the exclusion from "net productive investment" of forms of investment, such as working capital and bank buildings, which were clearly part of the outlet for savings. The conclusion, therefore, seems quite justified that the figures offered by the Brookings Institution do not enable us to judge either whether savings and investment were unequal, or, if so, which was in excess of the other. Further, it seems likely that the difficulties involved in comparing an estimate of savings derived from budgetary surveys with an estimate of investment derived from financial sources are so great that divergences between the two will never be demonstrated convincingly in this manner.

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[37] Other factors not worth dealing with because of their comparative unimportance (and the general vagueness of the problem) would include: (1) capital gains (*i.e.*, savings) spent on consumption; (2) flotations for the purpose of paying interest; (3) the financing of instalment selling; and (4) foreign governmental and corporate issues. All these in general would tend to cause money savings to be spent for consumption goods and so might be treated from one point of view as not having been saved at all.

[38] *Income and Economic Progress*, p. 43.

DOUBLE LIABILITY FOR BANK STOCK

Double liability for bank shareholders was first employed in the United States primarily as a protection for noteholders. Such provisions were to be found in early bank charters and statutes, but until the passage of the National Bank act in 1864 this means of safeguarding creditors was not generally used. After the passage of the National Bank act, with its inclusion of double liability, the principle was much more widely used in state regulations, and protection was designed chiefly for depositors. By 1910, 32 states had multiple liability provisions, and in 1930, 38 states. The numerous bank failures since 1930 have demonstrated the inadequacy of double liability as protection for depositors and have resulted in the removal of this requirement from the National Bank act and from the laws of 19 states. The trend today is toward such substitute means of protection as deposit insurance and the accumulation of greater surpluses.

Double liability provisions have been included in American bank charters and banking laws for more than a century; and during the past half century they have come to be regarded as a commonplace feature of our banking system. Yet the success of these provisions as a protective device has not been sufficient to warrant their retention in our banking regulations. Today the added liability of shareholders is no longer considered an adequate safeguard for depositors.

Since the beginning of banking in the United States, except for some experiments in deposit insurance and safety funds, multiple liability provisions have represented the only insurance that creditors of insolvent banks have had. For that reason it seems worth while to inquire into the early treatment of stockholders, the development of double liability, and the present tendency to search for substitute measures for depositor protection.

Double Liability in Canada

Early banking regulation in Canada was administered under the four separate provincial governments. Upper and Lower Canada were joined in 1841, but it was not until 1867 that New Brunswick and Nova Scotia joined them in forming the Dominion of Canada. The early regulations, nevertheless, show a great degree of similarity. Members of private banks bore unlimited liability; but, as a rule, corporators of charter banks enjoyed limited liability.

The first mention of double liability in Canada came in 1830, when the British Privy Council for Trade adopted a number of resolutions applying to Colonial bank charters. These resolutions were to apply to new banks in Upper Canada, and to the extension of capital in existing banks. Section 7 required that shareholders should be liable to twice the amount of their shares, that is, to the amount of their shares and to an equal amount in addition.[1]

[1] R. M. Breckenridge, "The Canadian Banking System, 1817-1890" in *Publications of the American Economic Association,* vol. x, 1895, p. 68. These resolutions were not immediately adopted because of the opposition of the Colonists. See R. M. Breckenridge, *The History of Banking in Canada,* 1910, p. 26. The first inclusion of the double liability provision seems to have been in the charter granted to the Gore Bank of Hamilton in 1835.

The double liability resolution of the Privy Council was not made effective until 1841. In that year three banks of Lower Canada, and in 1842 two banks of Upper Canada were required to include double liability in their renewed charters. By the end of 1842, double liability was an established feature of the Canadian charter banks.

In 1850 the Free Banking act was adopted. This act provided that bank stock could be issued only if the shareholders were made liable for an amount equal to the stock subscribed for, in addition to the stock itself. Six banks were organized under this law before its repeal in 1866.

The first general banking act was passed in 1870 and revised in 1871. At this time there were 28 banks in operation, all of which were re-incorporated. This act prescribed minimum capital for banks and double liability for shareholders. An improvement over the Act of 1850 was made through a provision that the added liability could be enforced without waiting for the collection of debts owed to the bank or the sale of the bank property.[2]

Similar provisions have been included in subsequent revisions of the Canadian banking laws, with the exception of the Bank act of 1934. Under the provisions of this act the restrictions on the note-issuing privilege of banks are coupled with a reduction in the additional liability of shareholders. "In the event of insolvency, this liability of a shareholder . . . will not bear a greater proportion to the par value of the shares held, than that proportion of the amount of notes which the bank is authorized to issue bears to the paid-up capital of the bank."[3]

Early Regulations in the United States

Early regulations governing the liability of members of banking associations in the United States did not show the uniformity found in the Canadian laws. The majority of the states did not, at first, impose special liability on bank stockholders, nor did the charter of the first Bank of the United States contain any reference to liability other than that of paying the stock subscriptions in full. Some of the early statutes and charters imposed various degrees of additional liability, but in general the principle was introduced slowly.

There was an amazing variety of liability provisions included in the early state regulations. Frequent changes in these laws and practices make a general classification of state requirements for any date almost meaningless. But a consideration of a few selected states may show the types of provisions and the lack of uniformity that existed.

Limited liability seems to have prevailed in Connecticut and Vermont. Charters issued in Rhode Island before 1818 limited the liability of share-

[2] R. M. Breckenridge, "The Canadian Banking System," *op. cit.*, p. 256.

[3] F. J. Dixon. "Banking Legislation in Canada, 1934" in *American Economic Review*, vol. xxv, no. 1, March, 1935, pp. 76-77.

holders to the amount of their investments. The difficulty of introducing additional liability is illustrated by the situation in Pennsylvania, where such a statute, passed in 1808, was repealed two years later.[4]

Unlimited liability was found to be the rule in a number of the states. Early charters issued in New Hampshire generally carried such provisions; but this requirement was dropped in the extension of the charter of the Concord Bank in 1824.[5] Rhode Island required unlimited liability in the charter issued to the Union Bank in 1814.[6] After 1818 a general individual liability was imposed by this state in cases where directors of a bank had violated the banking law; and after 1833 unlimited liability was the rule if the corporation resources were first exhausted.[7] Florida, by statute in 1829, made bank stockholders liable for debts in proportion to the shares held by them. An exception to this regulation was the Bank of Florida, chartered in 1843 with the requirement that stockholders should be liable to three times the amount of their stock. A constitutional provision in 1845 made all shareholders in Florida banks individually liable for all debts in case of dissolution or suspension.[8] In Virginia, shareholders were liable in proportion to their shares for circulating notes and for express contract debts of banks.[9] Ohio, by a statute in 1842, made shareholders individually liable.

Bank charters imposing double or limited multiple liability may be found as exceptional cases in several states; but Massachusetts seems to have been the first state to impose double liability as a general regulation. In 1811, a law of this state required, as a condition for further extensions of charters, that shareholders should be individually liable to the amount of their shares in case of loss due to mismanagement. The Supreme Court of the state held, in 1819, that shareholders were not liable to holders of notes; and it was not until 1849 that the double liability was extended to cover all debts, whether or not losses to creditors were due to mismanagement.[10] The law of Maine was similar to the early law of Massachusetts. Enacted in 1831, it required that in case of deficiency arising from mismanagement, directors and stockholders should be individually liable for an amount not exceeding the shares of stock held.[11]

By the time of the Civil War, double liability provisions, usually applying only for the protection of noteholders, were becoming much more common. Some of the states, including Michigan (1855), enacted such provisions in

[4] D. R. Dewey, *State Banking before the Civil War,* 1910, p. 117.
[5] Reform Club Sound Currency Committee, *Sound Currency,* vol. ii no. 13, June 1, 1895, p. 272.
[6] Dewey, *op. cit.,* p. 118.
[7] Reform Club Sound Currency Committee, *op. cit.,* p. 263.
[8] Dewey, *op. cit.,* p. 119.
[9] *Ibid.,* p. 119.
[10] *Ibid.,* p. 118.
[11] Reform Club Sound Currency Committee, *op. cit.,* p. 269.

their general laws. Others, including New York (1846) and Maryland (1851), make similar provisions through constitutional amendments.

In addition to the privately owned commercial banks formed under charters of banking laws of the various states, there were numerous state-owned or state-operated banks in this early period. An example of this type of banking institution is the State Bank of Indiana, formed in 1834. The charter of this bank provided that each stockholder should be liable for an amount equal to his stock, and that each branch should be liable for the debts of the other branches.[12]

Liability legislation in the state of New York is not a typical example of the early regulations, but it does represent most of the possible experiments, short of unlimited liability, to be found in the early banking laws of the states. Moreover, the laws and constitutional provisions adopted in New York have served as models for other states, for the national acts, and even for Canada.

The first banking corporations in New York were organized under charters issued by the legislature under individual acts, and this practice continued until the Free Banking act of 1838 was enacted. The slowness with which charters were granted led to the development of many banking associations somewhat comparable to partnerships. The restraining act of 1804 checked this practice by providing that every banking corporation, to have legal existence, must possess a state charter.

The first state charter was issued in 1791 to the Bank of New York. This charter did not contain any provision making shareholders liable for the debts of the bank except when capital had been impaired. This was true of practically all of the New York charters, but exceptions are found in a few cases. Four charters were issued in 1817 which included provisions that in case of the dissolution of the corporation, the stockholders should be responsible for the debts of the corporation to the amount of the stock held by them respectively at the time of dissolution.[13] Since these charters were practically identical with others of the time except for this provision, it must be assumed that this was an added and double liability.

Seven more charters were issued between 1817 and 1824 before this provision appeared again, this time in the charter of the Bank of Rochester.[14] In 1825 identical provisions in the charters of the Commercial Bank of Albany[15] and the Dutchess County Bank[16] gave holders of notes unpaid for ten days the right to bring action against the stockholders of the bank,

[12] *Ibid.*, vol. ii no. 10, April 15, 1895, p. 231.

[13] These provisions were found in the charters of the Bank of Plattsburgh, the Bank of Geneva, the Bank of Auburn and the Bank of Washington and Warren.

[14] Laws of New York, 1824, ch. 46, sec. xii.

[15] Laws of New York, 1825, ch. 117, sec. xiv.

[16] *Ibid.*, ch. 108, sec. xiv.

provided that the recovery against the stockholders should not exceed the nominal amount of stock held by them. No mention of additional liability was included in any of the other special charters issued before 1838.

Grand jury investigations in New York City in 1826 disclosed much corruption in bank practices. Popular resentment found expression in the Act of 1827, which imposed a liability on stockholders "not exceeding the nominal amount of such shares, in addition to the sums paid, or which they may be liable to pay . . ." to safeguard the creditors of a corporation "whose insolvency shall be deemed fraudulent."[17] This Act was repealed two years later when the law establishing the safety fund was enacted.[18] The Free Banking act of 1838 provided for the limited liability of shareholders of banks organized under the Act, but permitted additional liability if the incorporators desired it.[19]

The question of stockholder liability was taken before the New York Constitutional Convention of 1846. Amendments were suggested to impose unlimited liability on stockholders,[20] but the amendment finally adopted imposed a liability equal to the amount of the shares. This provision applied only to stockholders of banks issuing notes or paper credits to circulate as money.[21] The act of 1849 which incorporated this provision in the general law of the state made the effective date January 1, 1850, and applied the provision to all banks whether chartered before or after 1850.[22]

The federal law of 1866 placing a ten per cent tax on the note issues of state banks made the liability provisions of the act of 1849 meaningless and ineffective. After 1866 there were no state banks issuing notes; and banks which did not issue notes were not included in the provisions of the 1849 law. Until 1892, then, New York State banks enjoyed limited liability. This situation was finally remedied by legislation making stockholders individually responsible for all contracts, debts and engagements of banking corporations to the extent of the amount of their stock, at par value, in addition to the amounts invested in such shares.[23] In 1894 a new constitutional amendment provided for the imposition of such double liability.

Although the development of the double liability principle in New York

[17] Laws of New York, 1827, ch. 18, title ii, art. i, sec. 16.

[18] Laws of New York, 1829, ch. 94, sec. 30.

[19] Laws of New York, 1838, ch. 260, sec. 23. "No shareholder of any such association shall be liable in his individual capacity for any contract, debt or engagement of such association, unless the articles of association by him signed shall have declared that the shareholder shall be so liable."

[20] *Report of the Debates and Proceedings of the Convention for the Revision of the Constitution of the State of New York*, 1846, pp. 95, 182.

[21] Constitution of New York State, 1846, art. viii, sec. 7.

[22] Laws of New York, 1849, ch. 226, sec. 1. For discussion of the constitutionality of this law see U.S. Trust Co. *v.* U.S. Fire Insurance Co., 18 NY 199; *re* Oliver Lee & Company's Bank, 21 NY 9; Sherman *v.* Smith, 17 U.S. (L. Ed.) 163; Looker *v.* Maynard, 46 U.S. (L. Ed.) 79.

[23] Laws of New York, 1892, ch. 37 G.L., sec. 52.

differed in many respects from similar developments in other states, there was one element in common in most of the legislation. This was the extent to which noteholders were favored over depositors and other creditors. The reason for this is that noteholders had greater need for protection. At the time when double liability was first introduced, the chief creditors of the rural banks were the noteholders; and in cases of insolvency the holders of the circulating media issued by the banks bore the greatest losses. Deposits were growing slowly in the city banks, but it was not until about the middle of the nineteenth century that depositors as a class became numerous or important enough to demand or warrant protection. As a result, most of the state laws imposed double liability only on the stockholders of banks which issued bills or notes as circulation. And, as in the case of New York, most of the states found that when state banks ceased to issue notes after 1866, their double liability provisions gave no protection to any creditors of the banks.

The National Banking System

This disposition to favor noteholders over other creditors is to be found in the early discussions regarding national banks. A proposal was made during the course of the debates on the renewal of the charter of the Second Bank of the United States to make stockholders liable to the amount of their stock if the bank should fail or refuse to pay any of its notes, bills, bonds, obligations, or drafts in gold or silver coin.[24] This provision, introduced and supported by Senator Thomas H. Benton, was erroneously attributed by him to the charters of the Scotch banks.[25]

There were no double liability provisions in the first bills presented to Congress in the sixties for the establishment of a national banking system. The first bill to establish a national system of banks was introduced in 1861 by the Secretary of the Treasury, and the first act was adopted in 1863. These bills contained no reference to stockholder liability other than that of paying for stock subscriptions. The bills introduced in 1864 to amend the law of 1863 likewise were silent on this question; and there is no indication in the congressional debates as to the origin of the clause which was finally added to the Sherman bill. Senator John Sherman, in supporting his amendment imposing double liability, advanced several reasons for including such a provision, but his only reference as to its origin was that such provisions were included in state laws: "It is the limited individual liability embodied in the laws of the State of New York and most of the states of the Union."[26]

[24] *Congressional Debates,* vol. viii, part i, 1831-32, p. 1011.

[25] *Ibid.,* pp. 972-4. The banks referred to by Senator Benton were the Bank of Scotland, the Royal Bank of Scotland, and the British Linen Company. Shareholders in these banks have always enjoyed limited liability. See the charter of the Bank of Scotland, The Acts of the Parliament of Scotland, vol. ix, 1689-95, p. 495.

[26] *Congressional Globe,* 1862-63, part i, p. 824. See also comments by Mr. Nelson, 1863-64, part ii, p. 1410, and by Mr. Sherman, 1863-64, part ii, p. 1869.

The proposed amendment to double the liability of stockholders reads as follows:

For all debts, contracted by such association for circulation, deposits, or otherwise, each shareholder shall be held to the amount, at their par value, of the shares held by him, in addition to the amount invested in such shares.[27]

The advantages to be gained from the adoption of his proposal were to be found in the greater security offered to the creditors of the banks. Mr. Sherman included depositors, noteholders and other creditors in the classes to benefit, but in one of his speeches he stressed the protection to be afforded the noteholder.[28] He also answered a question regarding priority of noteholders in such a manner as to indicate that he considered their security to be of primary importance.[29]

Most of the argument regarding the double liability provision introduced by Mr. Sherman had little to do with its meaning. Although many different versions of the liability to be imposed on stockholders were introduced, the opinion of Congress seemed to be that if any liability was to be placed on shareholders, double liability was the type desired.[30] The arguments in the two houses centered largely upon two questions: (1) what administrative features should be included in the bill; and (2) what should be done regarding complications involving the Bank of Commerce. The first question was one of determining when and in what manner stockholders should become liable to pay assessments. The second question was of more fundamental importance.

The Bank of Commerce had been organized in New York State in 1839, and at the time of the debates in 1864, had a capital of $9,000,000 all paid in, and a surplus of 20 per cent of capital. The bank had no circulation. The reason for the disproportionate amount of attention paid to this bank was that its articles contained a provision which effectively prevented it from joining the national banking system should the double liability clause be included in the law. Since the Bank of Commerce was the largest bank in the United States, many members of Congress felt that the chartering of this association as a national bank would represent an encouraging example to other state banks.

[27] *Ibid.*, 1862-63, part i, p. 824.

[28] *Ibid.*, p. 843. "There is not, in this country, any scheme of banking which secures the noteholder more perfectly than this. First, he has the credit of the United States by its bonds and by its guarantees; to guard against deficiency he has the deposit of one-fourth the amount in bank; he has the individual liability of the stockholders to a limited extent; and he has first lien on all the property of the bank, including the deposits. It is impossible, therefore, to make a system more safe than this will be."

[29] *Ibid.*, p. 825.

[30] This conclusion should be qualified with respect to the House. The original Hooper bill, introduced in the House, did not include a provision for double liability, and Mr. Hooper was opposed to such a clause.

The National Bank act, as finally passed by Congress and signed by the President, contained the following provision:

The shareholders of every national banking association shall be held individually responsible, equally and ratably, and not one for another, for all contracts, debts and engagements of such association, to the extent of the amount of their stock therein, at the par value thereof, in addition to the amount invested in such shares . . .[31]

The Act of December 23, 1913, which established the federal reserve system, made some slight changes in the double liability provisions for national banks. Stockholders were made "individually responsible for all contracts, debts and engagements . . . each to the amount of his stock therein . . . in addition to the amounts invested in such stock" in place of the provision of 1864 which made stockholders responsible equally and ratably and not one for another. Liability was extended to include a period of 60 days after transfer of stock, in case the subsequent transferee failed to meet such liability.[32]

The Bank acts of 1933 and 1935 brought to an end the seventy-year period of experimenting with double liability in the national banking system. The Act of 1933 provided for the Federal Deposit Insurance Corporation and authorized the issuance of shares without double liability after the effective date of the Act (June 16, 1933).[33] The Bank act of 1935 went further and provided that on July 1, 1937, double liability on all national bank stock of associations transacting a banking business on that date should cease.[34] This abolition of double liability is contingent on the publication by each bank, at least six months prior to July 1, 1937, of notice of its intention to remove double liability from its stock.

Later Developments in the States

A number of states had introduced double liability features in their banking laws by the time of the Civil War; but the development of the principle had been slow. The practice of incorporating banking associations under special grants of the legislatures was being replaced by free banking laws; and the uniformity of practice required under such laws called for definite and fixed requirements for the stockholders. The states that did require double liability of their stockholders limited this extra liability, in most cases, to shareholders of banks issuing circulating notes and bills. The tax on state bank notes resulted in what was practically limited liability for such stock-

[31] *Revised Statutes,* 5151, ch. 106, sec. 12. The Bank of Commerce was excepted through the inclusion of a qualification that shareholders of banks then existing under state law and having not less than 5 millions of dollars of capital actually paid in, and a surplus of 20 per cent on hand, should be liable only to the amount of their shares.

[32] *Statutes at Large,* vol. 38, part i, ch. 6, sec. 23.

[33] Bank act of 1933, sec. 22.

[34] Bank act of 1935, sec. 304.

holders. With the growth of deposits as an increasingly important element in the liabilities of banks, and after 1866 the only element seeming to need protection, the necessity of revised legislation to provide such protection became evident. The years following 1880 saw a great revival of double liability legislation, but designed now to furnish security to depositors.

There is some conflict in the authorities;[35] but, by 1910, 32 states appear to have imposed on their stockholders some form of liability in addition to the amount of their subscriptions. Of the remaining states, five had constitutional provisions which limited stockholder liability to unpaid stock subscriptions.[36] In nine states, although their constitutions contained no prohibitions, there were no additional liabilities attached to the ownership of bank stocks.[37] In two states, Connecticut and Delaware, there were no general incorporation laws for banks; and such associations were chartered by special acts, usually with limited liability. Of the 32 states requiring additional liability, all but two imposed double liability. In California individual stockholders were liable for such proportion of the debts of the bank as their shares bore to the total number of shares. Colorado required that shareholders should be liable for an amount equal to double the amount of stock held, in addition to the amount invested in the stock—triple liability.

The laws imposing double liability on stockholders varied greatly in many respects. There was no uniformity in provisions regarding the time or method of enforcement, or the length of time liability continued after a shareholder had sold his stock. As to the proportion of losses to be borne by each stockholder, in 19 states the provisions made stockholders liable "equally and ratably, and not one for another." This was the wording of the National Bank act of 1864. In the other 13 states, and in the District of Columbia, stockholders were made liable "jointly and for each other."

The two decades following 1910 saw a further extension of double liability as a protective device. Provisions of the different states became more uniform.[38] Inconsistent regulations were replaced. On the basis of several earlier court decisions ambiguous phrases were removed from the laws.[39]

[35] For the summary of liability of laws in 1910, information was derived from G. E. Barnett, *State Banks and Trust Companies since the National Bank Act,* 1911, and S. A. Welldon, *State Banking Statutes,* 1910.

[36] Ohio (1851), Oregon (1857), Nevada (1864), Missouri (1875) and Alabama (1901).

[37] Arizona, Arkansas, Louisiana, Mississippi, New Hampshire, New Jersey, Rhode Island, Tennessee and Virginia. Rhode Island repealed a double liability law in 1908.

[38] The following is the provision adopted by the majority of the states: "The stockholders of every bank shall be severally and individually liable, equally and ratably, and not one for another, for all contracts, debts, and engagements of such corporation, to the extent of the amount of their stock therein, at the par value thereof, in addition to the amount invested in such shares."

[39] See Willis *v.* Mabon, 48 Minn 140; McDonnell *v.* Alabama Gold Life Insurance Co., 85 Ala. 401; *re* Empire City Bank, 18 NY 218; Ladd *v.* Cartwright, 7 Ore 329.

A greater number of states adopted double liability provisions. By 1930 the principle had received the greatest recognition it was to know.

Whereas in 1910, 32 states provided for some type of stockholder liability in addition to the payment for subscribed stock, the number of such states had increased to 38 by 1930.[40] There were still many variations in the types of provisions and in the degree of liability imposed by the states within this group. California still retained its unlimited proportionate liability. Georgia provided for double liability to pay depositors but for all other types of debt the stockholders enjoyed limited liability. New Hampshire applied its provision only to stockholders of banks organized after January 1, 1911. Colorado retained its triple liability provision. Many of the states required double liability by provisions in their constitutions; others through their general laws and banking codes.

In three of the ten states that did not employ double liability protection, constitutional provisions forbade such legislation.[41] In Connecticut, banks were incorporated with limited liability under the general corporation law; and in Delaware special charters were still required. In the five other states no liability in addition to payment for stock was required,[42] although Tennessee provided that stockholders might, by contract, bind themselves to an additional liability equal to their investment in bank stock.

The situation as it existed in 1930 may be summarized as follows:

Triple liability: Colorado.

Proportionate liability: California.

Limited liability, required by Constitution: Alabama, Idaho, Missouri.

Limited liability, not required by Constitution: Connecticut, Delaware, Louisiana, New Jersey, Rhode Island, Tennessee, Virginia.

Double liability, required by Constitution: Arizona, Illinois, Indiana, Iowa, Kansas, Maryland, Minnesota, Nebraska, New York, Ohio, Oregon, South Carolina, South Dakota, Texas, Utah, Washington, West Virginia.

Double liability not required by Constitution: Arkansas, Florida, Georgia, Kentucky, Maine, Massachusetts, Michigan, Mississippi, Montana, Nevada, New Hampshire, New Mexico, North Carolina, North Dakota, Oklahoma, Pennsylvania, Vermont, Wisconsin, Wyoming.

Present Trends in State Legislation

The rapid decline in the popularity of the double liability principle after 1930 was due mainly to two factors. The first of these was the general feeling of dissatisfaction with the principle as an insurance measure.

During the period of April 14, 1865, to October 31, 1934, a total of

[40] The following states which had no double liability laws in 1910 added such provisions by 1930; Arizona, Arkansas, Mississippi, Nevada, New Hampshire, Ohio, Oregon. The Idaho law was declared unconstitutional, Fralick *v.* Guyer, 36 Ida 648.

[41] Alabama, Idaho, Missouri.

[42] Louisiana, New Jersey, Rhode Island, Tennessee and Virginia.

1,219 national bank receiverships were closed. Assessments against stockholders of the failed banks amounted to $87,401,912. Only 50 per cent of this total was collected, and this represented only 29 per cent of the capital of the failed banks.[43]

The statistics for state bank failures are not so complete as those for failures for national banks; and many failed state banks have not reported assessments. Reports of completed receiverships for 529 state banks which failed in the period 1921-1930 and which reported assessments, show collections of approximately 44 per cent of assessments.[44]

A second factor leading to the decline in popularity was the action of Congress in removing the double liability provision from the National Bank act. This was undoubtedly responsible for the prompt adoption of similar provisions by many states. Unless the states dropped their double liability requirements the state banks in those jurisdictions were immediately placed at a disadvantage as compared to national banks. This was particularly true in the selling of stock. Further, state banks could not sell preferred stock to the Reconstruction Finance Corporation unless such stock was free of excess liability. Many of the state laws were changed in order to allow state banks the same advantages that had been conferred on national banks. In some cases such change in the banking laws necessitated the amending of state constitutions.

The extent of this trend away from double liability may be shown by reference to the number of states dropping double liability provisions from their banking regulations. In 1930 the excess liability principle was embodied in the laws or regulations of 38 states, but by 1936 this number had decreased to 19; 19 states, had amended their excess liability provisions, and in most of these substitute measures were adopted.

The most popular substitute for double liability was the requirement that banks accumulate a surplus either through original payments by subscribing stockholders, or through annual additions out of profits.[45] The amounts to be paid in by stockholders vary from 10 per cent to 100 per cent of capital stock, and the total surplus to be accumulated under either

[43] See *Annual Report of the Comptroller of the Currency,* 1934, pp. 38-39.

[44] See C. B. Upham and E. Lamke, *Closed and Distressed Banks,* 1934, p. 103. Contributing to the difficulties of collection from stockholders of failed state banks were the legal complications arising in many instances from the inability of supervisors to levy assessments against stockholders until complete losses had been ascertained and the exact assessment to be levied against each stockholder had been determined. See Upham and Lamke, *op. cit.,* pp. 98-99. Also, the ownership of double liability bank shares by bank holding companies raised the question of the liability of owners of these holding company shares to the depositors of the failed banks. See Carl Zollman, *The Law of Banks and Banking,* vol. 3, 1936, ch. 38, sec. 1770, and C.B. Upham and E. Lamke, *op. cit.* pp. 99-101.

[45] Nine states included such substitutes: Kentucky, Maine, Massachusetts, Michigan, New Mexico, New York, North Carolina, Pennsylvania and South Carolina.

method is limited to 100 per cent. The accumulation of surplus equivalent to the capital obviously equals the amount of contribution a stockholder would make should he be assessed the full amount of the par of his stock. The surplus provision offers the advantage of avoiding the expense and delay incident to collecting from stockholders, and in so far as the assets representing the surplus have not been dissipated through losses, the amount available for creditors is certain.

Another type of substitute, which has been adopted in six states,[46] relieves stockholders of excess liability provided their banks are members of the Federal Deposit Insurance Corporation. This type of protection is slightly different in result from the surplus provisions, in that it applies only to protected deposits. Under the provisions requiring the accumulation of surplus, and likewise under double liability provisions, there is no distinction as to which depositors shall be paid. All depositors share equally in the funds coming either from the surpluses or stockholder assessments. Where membership in the Federal Deposit Insurance Corporation is substituted for these provisions, the large depositors will not receive much protection.

The remaining four states which changed their double liability provisions—Georgia, Iowa, Nevada and Ohio—did not substitute new types of protection.[47] The new laws of most of these states permit the issue of bank stock without excess liability after stated dates.

The law of Florida is an interesting variation. Although the double liability provision is still effective, reserves are to be built up until they equal capital stock; dividends are to be paid; and one-half of any remaining undivided profit is to be invested in bonds to be deposited with the state Treasurer until such bond reserves equal capital stock. The bond reserve is not an additional liability of stockholders but is ". . . to fortify and strengthen their statutory liability."[48]

The principle of double liability today stands at the lowest point of popularity in half a century, and it is definitely losing ground. At the present rate of change in state banking laws it will be a matter of only a few years until double liability provisions will have disappeared from banking regulations in the United States.

Conclusion

The double liability principle was introduced in the hope that this additional claim on stockholders would provide both a superior type of banking

[46] Arkansas, California, Mississippi, Montana, South Dakota and Wisconsin.

[47] The Ohio constitutional provision requiring double liability was removed by popular vote in the election of Nov., 1936. At this same time a similar proposal was rejected by the voters of Nebraska.

[48] Compiled General Laws of Florida, 1934, Article 8, 6075 (4144).

and a reserve which might be drawn upon for the protection of creditors. The principle has been on trial in some states for over a century and had a place in the National Bank act for 70 years. This experience should be ample to determine whether or not the principle has sufficient merit to justify its extension and retention. The fact that the National Banking system and 19 of our 38 state banking systems have dropped double liability provisions since 1930 would seem to be presumptive proof that this principle has not been satisfactory.

The experience with the double liability principle in the national banking system has proved that this type of protection is costly, involves delays in the collection of assessments, and that the amounts collected have been relatively unimportant. The double liability principle has proved even less satisfactory in state systems than under the National Bank act.

The sentiment of legislatures is definitely moving away from double liability as a type of protection. The increasing abandonment of double liability provisions does not depend entirely on the expected success of federal insurance, although the movement is at present closely connected with the insurance substitute. The methods of providing surplus equal to the par of stock, or of bond reserves equal to capital stock, may be used in place of either double liability or deposit insurance. Double liability is perhaps the least effective of these four types of creditor protection. The other methods appear to provide more protection; they are less costly to administer; they can be utilized much more quickly; and the amount of protection afforded the depositor may be more definitely known.

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ENGLISH HOUSING POLICY SINCE THE WAR[1]

Output of houses since 1919; state assistance; causes of public interference with house building; acute housing shortage; raised housing standard; English organization of subsidized building as compared with that in other European countries; particulars of English housing policy; the Housing acts, 1919-1930; the Housing acts, 1933 and 1935; the present situation; the two agencies of house building; local authorities as landlords; selection of tenants; differential renting; rents and rates; private building enterprise; rent restriction; the stock of old houses; the filtering-up process; repair and reconditioning; the Metropolitan Housing Corporation.

Output of Houses 1919-1936: State Assisted Building

Since 1919 there have been built in England and Wales about three million houses, *i.e.,* a quarter of the total number of houses existing in 1935. Nearly half of the new houses have been erected at the instigation and under the control of the government and with public subsidies; during the first decade after the Armistice the proportion of state-assisted building was much higher, even. This remarkable interference with private building enterprise in the post-war period was due to two different causes: (a) an acute shortage of houses, grievously felt after the return of the troops from the war, originated public assistance toward house building; (b) post-war times have brought about a conspicuous rise in the standard of housing, and the application of this standard has necessitated the erection of large numbers of new houses, which could not, under prevailing conditions, have been built without help from public funds.

Acute Housing Shortage after the War

The chief demand for accommodation comes from young married couples. After the demobilization, the number of marriages went up, making good the drop during the war; the number of marriages in the years 1919 and 1920 exceeded that of 1913 by 83,000 and 93,000, respectively. The following years continued to show growing numbers of separate families (and ensuing demand of houses), mainly as a result of the large number of births which had taken place in the years shortly before and after 1900. Further additional demand for houses arose, as years went on, from the migration of the population in pursuance of the local re-distribution of industry. As labor to a large extent followed the shifting of industry, new accommodation was needed near new factories.

This accumulated demand was met by a very short supply. The cessation of building operations during the war caused a deficit of dwelling houses as soon as the soldiers came home. The number of houses which

[1] This article is mainly concerned with the finance and organization and certain social aspects of working-class housing. Technical and planning matters are left aside, though some of them have been much discussed and schemes on different lines have been worked out; in the foreground of public interest have been such topics as: houses *v.* flats, layout of housing estates, community centers.

would have been built normally during the war-period may be estimated at above 400,000, considering that the average annual increase of houses had been 95,000 in the years from 1900 to 1914.

In 1919 private enterprise was far from being able to overcome this deficiency of houses. The stagnation of the building trade continued, thus increasing the scarcity. The reason is that shortage of building materials and shortage of skilled labor resulted in high building costs; and high rates of interest which were charged on loans and which account for such an important proportion of the rents, forced up prices even higher.

The economic rent for houses erected under such conditions was strictly beyond the reach of the majority of the prospective tenants. The output of houses consequently remained low: the total number erected by unassisted building enterprise is estimated at not more than 30,000 houses[2] during the four years following the Armistice.

Raised Housing Standard

To bridge this gulf between demand and supply was the original purpose of giving housing subsidies out of public funds after the war. But once the government and public opinion had turned their attention to housing, a great change of view took place. Housing conditions which in pre-war times had aroused the indignation of a few idealistic housing reformers only, now came to be regarded as completely unsatisfactory. The public conscience had awakened concerning the housing problem. Abolishment of slums and back-to-back houses on the one hand and on the other abatement of overcrowding and rehousing the people in modern dwellings are the foremost aims of a real social crusade.

But beyond this, it came to be realized that much remained to be done in order to provide every family with a self-contained house or dwelling in a decent state of repair and equipment. The English private-house system, though much admired by other nations, has serious disadvantages: houses which were built many decades (or even more) ago for the needs of one middle-class family have outlived their original purpose and are now occupied by several working-class families, without converting and re-conditioning. In 1931, in the County of London nearly two-thirds of all families were found living in undivided houses together with at least one other family and "sharing, in a majority of instances, a common water supply and common sanitary arrangements" (*Census Report*).

Thus, converting and re-conditioning of old houses has come to be recognized as necessary in addition to the erection of new houses. It is obvious that the raising of the housing standard has brought about an enormous additional need for new or improved houses. Estimates of the number required within the next ten years vary considerably; according to

[2] Houses of rateable value not exceeding £78 in the provinces and £105 in London.

different experts, however, an annual output of about 200,000 would appear to be sufficient to overcome the existing shortage and overcrowding as well as to provide for the expansion of the population, for replacement of old houses and for slum clearance.

English Organization of Subsidized Building Compared with Other European Countries

Most of the above mentioned difficulties are common, with some variations, to all European countries; and everywhere governments had to take over the responsibility for housing and to subsidize building out of public funds. The procedure, however, has been different: in the countries of the European Continent the governments could have recourse to special organizations, dating from pre-war times, which had long-standing experience in non-profit making house-building; they had either the form of coöperative societies (in Central and Northern Europe) or of public or semi-public bodies (in the Latin countries).[3]

England, however, had no such institutions on any substantial scale, though there existed various building agencies of non-commercial types. Already in the course of the nineteenth century the unsatisfactory provision of working-class houses by private enterprise had stirred the activities of various persons not interested in making profits out of the houses they erected. England has been prominent in employers' housing schemes—to mention only the paternal model-villages, Port Sunlight (Lever) and Bourneville (Cadbury). The housing trusts of Peabody, Sutton, Lewis and the activities of Octavia Hill represent philanthropic achievements; and so do the diverse housing associations. Further, in pre-war times, local authorities built municipal houses on a small scale.

Building Societies

The most interesting institutions from the point of view of post-war development, have been the Building Societies, although they work on profitable lines. Contrary to their name, these bodies do not build, but are a sort of coöperative credit society and finance the erection and purchase of houses by their members; they concentrate on houses for owner-occupiers (as opposed to houses to let) who pay off the loans by annual instalments; the loans are given on the security of mortgages. The Building Societies are controlled by the registrar of Friendly Societies.

Their development since the war has been remarkable; they have enabled large numbers of families of the lower middle and of the artisan classes to "become their own landlords." They are thus promoting, on a mere financial basis, individual house-ownership among social strata whose liv-

[3] For particulars see the author's article "Public Utility House Building" in the *International Labour Review*, vol. xx, 1 and 2.

ing depends not on property but on earnings.[4] This movement seems to have prevented the rise of genuine building societies on a coöperative basis in England. Yet, as mentioned above, it is just this form of organization which has been the most important development on the Continent, although the weight has been somewhat shifted from the original principle of mutual self-help toward public subsidies and control.

So-called public utility housing associations, it is true, exist also in England. But unlike the continental coöperative societies, they work on mere philanthropic lines, the beneficiaries taking no part whatsoever in financing, building and managing the houses. Apart from this, however, the English "Housing Associations" (as they are called in the recent legislation) play the same part as the coöperative societies did before the war on the Continent. Their value surpasses the number of houses actually built; the very existence and activity of such bodies animates the public conscience and raises the general housing standard.

Particulars of English Housing Policy

To sum up, England has not developed any of those bodies intermediate between the public authority on the one hand and the prospective beneficiary tenants on the other, such as were to become the framework of post-war housing policy on the European Continent.[5] In those countries they were trusted to be the government agents, facilitating both supervision and subsidization of house building.

In the absence of such institutions to fall back upon, the English post-war housing legislation shows a persistent alternation between encouragement of private enterprise on the one hand and of public building on the other. The course to be taken with regard to housing was decided by the general political, social and economic ideas of the party in power for the time being. Every government issued at least one new Housing act generally contrary to those of its predecessor.

The controversy as to whether private or public building activity should be subsidized has in later years been superseded by another one. After the acute post-war shortage had been overcome, the justification for subsidizing general housing out of public funds was contested in conservative quarters; and only the poorest sections of the community were considered in need of public assistance with regard to housing. This has now become the accepted policy of the government. The Left, on the contrary,

[4] Some dangers inherent to this system will be dealt with below.

[5] Rudiments of such organizations may possibly be found in the Housing Management Commissions as recommended in the Housing act, 1935, though for the time being building is strictly excluded from their activities: "There is no question but that the duty of seeing that the housing needs of their area are adequately met must rest solely upon the local authorities, but there is a growing body of opinion that the local authority may not necessarily be the most appropriate body permanently to manage and control the houses when they have been provided" (Memorandum A, p. 15).

still maintains that the public authorities must concern themselves with the provision of new houses for the bulk of working-class families.[6]

Having thus surveyed the complex housing situation in England in its manifold general aspects, we shall point out the special significance and main features of the single Housing acts which followed one another from 1919 onward, and shall then discuss the present tendencies in English housing policy. Rural housing is beyond the scope of this article.

The Housing Acts, 1919-1930

The first Housing act after the war (Addison act, 1919) came into being under the slogan "homes for heroes." After the Armistice, the overcoming of the housing shortage was felt to be an imperative need—with costs placed at a level which would not prevent the necessary revival of the paralyzed building activity. The Addison act established an unlimited liability of the Exchequer, *i.e.,* the central government, to subsidize house building. The Act made the local authorities responsible for building working-class houses, yet divested them of financial responsibility. Any resulting loss which exceeded the product of a local rate of one penny in the pound was to be borne by the Exchequer in the form of annual grants for 40 years. The purpose of reviving building activity was effected, but the fact that no limit was set to the subsidy, in connection with high wages, high prices of materials, and high rates of interest, forced the cost of building up to four or five times the pre-war costs. The annual burden of the Exchequer amounts to about £6¾ million for 40 years. The number of houses built with this subsidy was restricted in 1921 to 176,000. A provision had also been made for grants to public utility societies and to housing trusts; but these did not attain any importance.

In 1923 the new Conservative Government issued a Housing act (Chamberlain act) the main object of which was "the encouragement of private enterprise in the erection of working-class houses by the grant of subsidies and by the provision of faculties for obtaining capital for the erection and purchase of houses."[7] The Exchequer might give for each house either £6 per annum for 20 years or a lump sum varying between £75 and £100 according to local differences. (These amounts were reduced to £50-80 for houses completed after September 30, 1927.) The Act also provided for grants for local authorities who would build houses, who did not, however, respond very readily; of the 438,000 houses built under the Chamberlain scheme, only 75,000 were erected by local authorities. The Act was repealed in 1929. The Exchequer's burden from this Act is about £2½ million per year.

Without discontinuing the previous Act, the Labor Government in

[6] *Cf.* Sir E. D. Simon, *The Anti-Slum Campaign,* 1933.
[7] Ministry of Health, *Annual Report, 1923-24,* p. 48.

1924 introduced the Wheatley Housing act. Once more, building by local authorities was stimulated. They were to contribute up to 4 pounds, 10 shillings, per house annually out of local rates, and the Exchequer's grant was £9 annually for 40 years. (This latter was reduced to 7 pounds, 10 shillings, for houses erected after September 30, 1927.) The houses were to be let at low rents. Private enterprise was not excluded by principle, but the provisions of this scheme proved unattractive to private builders: they contributed only 15,000 of the more than 500,000 erected under this Act. The annual charge on the taxpayer is more than £4 million, that on the ratepayer is estimated at over £1 million.

After the experience with the Act of 1919, all further Acts have limited the liability of the Exchequer. Moreover, the subsidies assigned to the houses were fixed once and for all, in relation to the price level which prevailed when the respective Acts were passed; no sliding scale was provided for changing circumstances. When later on building costs and rates of interest decreased, some of the rigid subsidies resulted in larger rent rebates than had been intended. Although this proved an unnecessary burden to the Exchequer, inversely also the Exchequer has been the winner; and local authorities or their tenants have been losers by the rigid rates of long-term settlements. Smaller local authorities are indebted, for the purposes of the Housing acts, to the Public Works Loan Board, which pertains to the Treasury. The rates of interest agreed upon for the capital which was borrowed from this Board in the years of high money rates have remained unreduced during the period of a general sinking of the interest rates. On March 31, 1936, when new advances by the Board were being made at 3¼ per cent, rates of 5 per cent or more were payable on almost three-quarters of the Board's outstanding housing loans; over one-third of the obligations were charged with as much as 6 or 6½ per cent.[8] The Finance act, 1935, has provided that some "relief shall be given from such outstanding obligations" by the redemption or exchange of local loans stock.

The Housing acts which we have reviewed hitherto coincided in favoring the erection of the greatest possible number of new houses for the population in general. Only supplementary schemes were put forward for the promotion of slum clearance. Thus up to 1930 the Exchequer would grant annual subsidies of 50 per cent of the loss incurred by local authorities in slum clearance and rehousing of the displaced inhabitants. The Greenwood act, 1930, modified this system of subsidies: the grant was based on the number of persons displaced. It was fixed at 45 shillings annually per person for 40 years; in central areas with expensive sites, where tenement buildings of more than three stories are necessary to rehouse the population, the grant may be 70 shillings per person.

[8] *Report of the Public Works Loan Board, 1935-36.*

The Housing Acts, 1933 and 1935

The National Government of 1931, however, changed the English housing policy essentially. The object of promoting the erection of the greatest possible number of new houses was supplanted by that of assisting slum-clearance through local authorities. The Housing act, 1933, abolished the Exchequer subsidies for future general building activity, although the grants assigned by the former Acts are, of course, continued. Instead, the Slum-Clearance act of 1930, formerly subsidiary, became the main instrument of the housing policy. At the same time new principles were established with regard to the selection of tenants and to a revision of rents of the municipal houses.

The arguments for bringing about this turn of direction were the following. Among the various factors which had necessitated the grants of subsidies out of public funds, the acute housing deficiency, accumulated during the war and the first years after it, had been overcome. The financial

TABLE I.—NUMBER OF HOUSES COMPLETED IN ENGLAND AND WALES IN EACH YEAR[*]

Year ended Sept. 30	*Number of houses completed with state assistance under:*				*Number of houses completed without state assistance*[1]	*Total*
	Addison scheme 1919 acts	*Chamberlain scheme 1923 act*	*Wheatley scheme 1924 act*	*Slum-clearance scheme 1930 act*		
1919	—	—	—	—		
1920	6,127	—	—	—	30,000[2]	210,237
1921	67,945	—	—	—		
1922	106,165	—	—	—		
1923	24,998	991	—	—	52,749	78,738
1924	5,525	30,934	—	—	73,032	109,491
1925	1,497	78,409	12,385	—	66,735	159,026
1926	975	84,431	46,489	—	65,689	197,584
1927	527	115,073	97,316	—	60,313	273,229
1928	30	47,969	53,792	—	64,624	166,415
1929	18	80,240	53,516	—	71,083	204,857
1930	14	—	51,310	—	110,375	161,699
1931	—	—	61,615	420	132,909	194,944
1932	—	—	62,530	5,146	132,886	200,562
1933	—	—	44,131	6,302	167,880	218,313
1934	—	—	37,214	15,046	261,168	313,428
1935	—	—	—	32,912	283,453	316,365
1936	—	—	—	63,759	275,473	339,538
						3,144,426

[1] Houses having a rateable value exceeding £78 (or £105 in the metropolitan area) are excluded; including small numbers of houses provided by local authorities without state assistance.

[2] Estimated figures.

[*] Source: *Reports of the Ministry of Health.*

difficulties too were decreasing; and thus in 1932, considering "the continued fall in building costs and the fall in interest rates . . . it was decided that the time was opportune for the withdrawal of the subsidy. . . ."[9] It was then thought possible that houses could be built at so much reduced cost as to bring the economic rents within the reach of working-class tenants. On repealing the Act of 1924, the government set forth as the essence of its policy that private building enterprise should be given a full opportunity of operating unhampered by competition.

Private enterprise, it is true, has become efficient again, during these last years, after having been rather apathetic in the first post-war decade. Table I shows the varying proportions of assisted and unassisted building. Yet these figures need careful interpretation. We shall see below that private enterprise is perhaps as ready but certainly not more ready to provide decent houses to let within the means of working-class families, than was the case before the war. It has, however, to be kept in mind that one of the principal purposes of giving subsidies had been to raise the housing standard above the pre-war level.

The government did not neglect this aspect as far as the worst grievances are concerned. In 1933 an anti-slum campaign was launched based on the Housing act of 1930. The Ministry of Health urged local authorities to submit programs of slum-clearance and rehousing, to be carried out within five years. Altogether, programs were established "providing for the clearance of some 284,000 slum dwellings, their replacement by some 298,000 new dwellings and the consequent rehousing of some 1,307,000 people."[10]

Moreover, as the Act of 1930 became the basis of an anti-slum campaign, the Housing act of 1935 declared war upon overcrowding, making efforts for both abatement and prevention.[11] A minimum standard of accommodation was set up, the definition of overcrowding being based upon sex and age of the inhabitants on the one hand and upon number and floor area of the rooms on the other. Local authorities have been made responsible for enforcing the standard and for providing suitable alternative accommodation. "As soon as practicable" it shall be made "a punishable offense to infringe that standard."[12] The Exchequer's contributions under this act "shall be given only where, and only to the extent that, they are shown to be necessary" (notably in respect of blocks of flats on expensive sites). Like the subsidies under the earlier Acts, the grants are based on the number of dwellings provided for rehousing and not on the

[9] Ministry of Health, *Annual Report, 1932-33,* p. 89 *et seq.*

[10] Ministry of Health, *Housing Circular 1453.*

[11] Ministry of Health, Housing act, 1935, *Memoranda A-E.*

[12] For the better areas where the number of overcrowded families is less than 100 or is less than 2 per cent of the number of working-class houses, January 1, 1937, has been fixed as the date from which overcrowding is an offense (Min. of Health, *Circular 1539*).

number of persons displaced, as was the case under the Housing act of 1930. The local authority has to contribute a sum equivalent to one-half of the Exchequer's grant.

The Present Situation

Thus, the task of housing the population is being tackled from two ends, at present. Private enterprise is expected to provide houses for those classes who can pay economic rents—not to mention the houses for sale; while local authorities are responsible for housing the neediest groups. What really matters, therefore, is whether, between this two-sided activity from above and from below, the large intermediate classes comprising the bulk of working-class families are being provided with adequate dwellings.

Output of Houses and Exchequer Contributions for Housing since 1919

Before examining these two agencies, however, we show in the accompanying tables (a) the output of houses since the war (Table I) and (b) the Exchequer contributions for housing (Table II). The burden on the

TABLE II.—EXCHEQUER CONTRIBUTIONS FOR HOUSING IN ENGLAND AND WALES IN EACH FINANCIAL YEAR*

(Thousand pounds)

Financial years	*Addison acts, 1919*		*Chamberlain act, 1923*	*Wheatley act, 1924*	*Housing Rur. Wks. acts, 1926 and 1931*	*Housing act, 1930*	*Totals*
	Housing act	*Additional Powers act*					
1919–20	20	—	—	—	—	—	20
1920–21	569	2,528	—	—	—	—	3,097
1921–22	4,569	4,540	—	—	—	—	9,109
1922–23	7,228	2,427	—	—	—	—	9,655
1923–24	7,850	2	6	—	—	—	7,858
1924–25	7,951	—	97	2	—	—	8,050
1925–26	7,305	—	440	89	—	—	7,834
1926–27	6,953	—	949	474	—	—	8,376
1927–28	6,865	—	1,509	1,167	—	—	9,541
1928–29	6,827	—	1,977	1,866	—	—	10,670
1929–30	6,738	—	2,141	2,253	1	—	11,133
1930–31	6,724	—	2,621	2,528	3	—	11,876
1931–32	6,742	—	2,731	3,246	8	5	12,732
1932–33	6,782	—	2,634	3,873	11	50	13,350
1933–34	6,590	—	2,524	4,179	15	125	13,433
1934–35	6,671	—	2,450	4,264	20	303	13,758
1935–36	6,498	—	2,502	4,348	20	630	13,998
1936–37[1]	6,282	—	2,475	4,250	30	1,250	14,388[2]

[1] Estimated.
[2] Incl. £101.0 under the Housing act, 1935.
* Source: *Reports of the Ministry of Health.*

taxpayer has been about £13 to £14 million per annum these last years; the annual commitments of local authorities in respect of post-war housing is estimated at rather more than £3 million; so that the total annual contribution from public funds toward housing is about £17 million.[13]

The shares which local authorities on the one hand and private enterprise on the other have been taking in the erection of subsidized houses is shown in Table III.

TABLE III.—HOUSES COMPLETED WITH STATE ASSISTANCE AND PROVIDED BY LOCAL AUTHORITIES AND BY PRIVATE ENTERPRISE, RESPECTIVELY

1919–FEBRUARY 29, 1936*

Housing schemes	*Number of houses provided by*		*Total*
	Local authorities	*Private enterprise*	
Addison act, 1919	170,090	4,545	174,635
Additional Powers act	—	39,186	39,186
Chamberlain act, 1923	75,309	362,738	438,047
Wheatley act, 1924			
In agricultural parishes	29,444	2,062	31,506
In other parishes	475,074	13,718	488,792
Slum Clearance act, 1930	108,278	789	109,067
Overcrowding act, 1935	742	—	742
Housing act, 1925, and other Acts	38,909	—	38,909
Total	897,846	423,038	1,320,884

* Source: *Reports of the Ministry of Health.*

Local Authorities as Landlords

In the first place, let us examine the allocation of accommodation and the systems of renting as practised by local authorities. The changed course of housing policy concerns municipal houses erected since 1933 as well as those already in occupation in that year. The change makes itself felt in the selection of tenants and in the adaptation of the rents to the tenants' means.

Selection of Tenants

Until 1933 the housing policy had been based on the opinion that the housing of the working-class population as a whole (including black-coated workers) ought to be improved. The need of the individual tenant was not, therefore, considered to be the decisive criterion. Like any other landlord, local authorities gave preference to tenants with relatively high and regular incomes.

Yet in the course of time, complaints arose about "the misuse of ac-

[13] Ministry of Health, Housing etc., Extracts from the *Annual Report, 1935-36*, p. 31.

commodation belonging to local authorities and its occupation by persons of means adequate to provide for their own housing needs without the assistance of subsidy."[14] The legislation since 1933, more or less endorsing these complaints, requires that "reasonable preference is to be given to persons occupying unsanitary or overcrowded houses, to large families or to persons living under unsatisfactory conditions."[15] Thus local authorities are to become the landlords of the neediest, lowest paid, and least cultured of their inhabitants, who are not seldom "undesirable tenants."

Differential Renting

The same line of thought led to a revision and differentiation of the rents of municipal houses, which had been built with the aid of public subsidies under the previous Housing acts. Tenants with ordinary incomes are denied the right of benefiting by the reduced rents; such families, it is argued, are not in need of public assistance and their rent should be based on the full costs. Tenants must not enjoy a reduced rent unless their need be proved by a family-means test; the rent is then to be fixed in a certain proportion to the family income. On the other hand, the necessitous are accommodated according to the size and composition of the family, without regard to their capacity of paying—the general housing subsidies being used to fill in the gap. In this way, differential renting becomes a method of granting family allowances.

About fifty local authorities have adopted schemes of differential renting; among them, the scheme introduced in Leeds is especially far-reaching. The government favored this tendency in 1933 (*Circular 1334*), probably considering the inequalities in the rents which, as mentioned above, were due to the fluctuating legislation and to the method of fixed subsidies. In the Housing act, 1935, however, a different way has been chosen to remove that undesired diversity of rents: the "consolidation of contributions and accounts relating to houses belonging to local authorities,"[16] *i.e.,* pooling the housing schemes erected under various Acts.

As a matter of fact, the system of differential renting, designed to prevent misuses, is itself open to, and has met with, serious objections. On account of its housing policy, the Leeds Labour Party lost the majority at the local elections in 1935; moreover, in a more detached way the whole question undoubtedly lends itself to various kinds of considerations.

As to refusing the benefits of reduced rents to ordinary tenants, it must be remembered that the subsidies were granted during a period of exceedingly high building costs and interest rates, when the erection of houses would otherwise have not been feasible. Even where the grant has

[14] Ministry of Health, *Circular 1334.*
[15] Housing act, 1935, *Memorandum E,* par. 38.
[16] Housing act, 1935, *Memorandum E,* par. 1.

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become excessive, a certain subsidy (in the form of annual grants over several decades) is required to reduce the rents to a reasonable level. Without it a considerably higher than "appropriate normal" rent would result, which the majority of working class families cannot be expected to pay. Consequently, the Housing act, 1935 (Section 51, 5) limits the rent to be charged: "In fixing rents the authority shall take into consideration the rents ordinarily payable by persons of the working classes in the locality. . . ."

On the other hand, the incapacity of the poor tenants to pay an adequate rent has its roots in destitution, being due to such causes as unemployment, illness, sluggishness, absence of a male earner or to a large family. It seems strange, therefore, that the housing policy should be charged with the general function of public relief, while much remains to be done in the actual field of housing.

Rents and Rates

However, the tendency to merge housing in the general local administration has been conspicuous also in another direction—*viz.,* in the close connection of local taxation with the rents. The rates (*i.e.,* the local taxes) are exclusively based on, and uncompromisingly levied with, the rents, the sum of net rent plus rates being called the inclusive rent. Even persons in receipt of public assistance are obliged to pay the rates, which may increase the net rent by 30 to 40 per cent. It is an appropriate suggestion that the Housing England report [17] of PEP (Political and Economic Planning) demands the derating of working-class housing; the report proposes to reduce these rates by 75 per cent. "This would probably make the proportion of total income paid in rates by the lowest-paid classes more or less comparable to the proportion of total income paid by the richer classes," whereas the present rates represent, it is argued, a tax from 3 to 7½ per cent of the income for a family living on 40 to 60 shillings a week.

Another difficulty of differential renting is that this system benefits only tenants of municipal homes, while withholding any rebates from all the poor families living in private-owned houses.

Finally, one may ask whether the principle of social justice is not infringed by this policy of favoring the poorest classes, while admittedly the housing conditions of the wage earners on the whole remain unsatisfactory. The houses built under public control and with the help of public grants are spacious, modern dwellings, providing privacy as well as labor-saving equipment—in a word, models of their kind. These houses are allocated to families who have hitherto been slum-dwellers, many of whom are in receipt of public assistance; these inhabitants of new houses pay a reduced rent, lower than that which self-supporting workers have to pay for worn-out, old-fashioned and not self-contained dwellings.

[17] P. 138 *et seq.*

Private Building Enterprise

As explained above, however, the task of "providing the nation with this essential service of the small house to let"[18] is reserved to private enterprise. At first glance, the strongly growing activity of unassisted building since 1930 seems to fulfill these hopes. Table I shows that the number of houses completed in England and Wales without state assistance has risen from 71,000 in the year ended September 30, 1929, to 261,000, 283,000 and 275,000 in the years ended September 30, 1934, 1935 and 1936, respectively; certainly considerable figures.

Yet these large numbers cannot be taken as normal or likely to continue. It is an old experience that, owing to the eminent part played by the rate of interest in the financing of housing, private house-building activity tends to flourish in times of cheap money. This is one of the main causes of the English "housing boom" during the last few years, when the bank rate fell from 5½ per cent on the average in 1929 to 2 per cent in 1932 and remained on this low level ever since. Rising prices and interest rates, therefore, may be expected to bring about a marked decline of private building and, as a matter of fact, the output of houses has already begun to decrease; a further drop in house production is generally expected.

Among the houses built by private enterprise, only a minority are suited directly to serve working-class families. Most of the new houses are too expensive, their rateable value exceeding that of real working-class houses —namely, £13 in the provinces and £20 in London. Moreover, "the real working-class house . . . is almost invariably rented";[19] but the great majority of new houses supplied by private enterprise are for sale, notably those provided by the building societies, on the hire-purchase system.[20] Now, part of the existing accommodation which is left vacant by the purchasers of new houses, unquestionably becomes available for working-class families—the government makes a point of this so-called filtering-up process. It is difficult, however, to measure it. A census of empty dwellings would prove that many of the houses continue to be unoccupied for long periods, because the rents are beyond the means of working-class families.

Rent Restriction

A strong argument against the assumption that a sufficient number of cheap working-class houses will be provided by private enterprise is to be found in the continuance of the Rent Restriction acts. The first Rent

[18] Speech of the Minister of Health, House of Commons, November 27, 1933.

[19] Rent Restrictions Acts Committee, 1931; *Report*, par. 42.

[20] Certain risks involved in the house purchase on an instalment plan can be mentioned only briefly. It may not always be easy for wage-earners to carry on the instalments for so expensive a good through years of reduced income during a slump. On the other hand, mobility of labor seems to be definitely impaired when workers buy their houses instead of renting them.

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Restriction act, 1915, had prohibited any increase of the pre-war rent; the later Acts permitted certain increases, changing several times the categories of houses (according to their rateable values) subjected to this control. Even today more than 4,000,000, that is, nearly all working-class houses built before the war, are under control "pending redress of the shortage by new accommodation."[21] The rent of the houses is thus legally fixed below the level which would emerge in the open market. This fact makes manifest that, for the time being, the unrestricted economic rent is officially considered too high for the small income; in other words, private enterprise cannot on commercial lines provide houses within the means of the majority of workers.

The Stock of Old Houses: The Filtering-up Process

After all, it turns out that neither local authorities nor private enterprise are providing new houses for the bulk of the wage-earning families, *i.e.*, the class in between the very poor, who are being accommodated in municipal houses, and those who can afford to buy a house of their own. This large intermediate class has, in consequence, to put up with the old stock of dwelling houses, to which is accruing the accommodation vacated by the purchasers of new houses.

We cannot examine here the soundness of the filtering-up process, or the extent to which it has been hampered by certain stipulations of the Rent Restriction acts. From the fact that the life of a solid house is much longer than that of a single generation, it follows quite naturally that a large proportion of the population has to live in "second-hand" houses.

Repair and Reconditioning

Under these circumstances it is even more indispensable to prevent the deterioration of new houses, and to put the old into a proper state of repair and adapt them to the present standard and to the needs of the present occupiers. Recently these aspects of the housing problem have become conspicuous and the prevailing conditions have authoritatively been denounced as discreditable. The reports of the Rent Restriction Acts Committee ("Marley" Report, 1931) and of the Departmental Committee on Housing ("Moyne" Report, 1933) laid their fingers on these grievances and proposed remedies. Among other topics, the former dwelt on the enforcement of repairs. Pressure should be brought to bear by local authorities on those private owners who do not carry out their duty but starve their property. The latter report, besides stressing the importance of repair and improvement, emphasized the desirability of enlightened management wherever practicable, by women housing estate managers, based on the Octavia Hill system.

[21] Ministry of Health, *Annual Report, 1932-33,* p. 91.

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In its recent housing policy the government has adopted these recommendations almost completely; and considerable progress has been made in rendering houses fit, either by the owners or by local authorities.

The Metropolitan Housing Corporation

In this connection the Metropolitan Housing Corporation should be mentioned as "owners of large holdings of residential property, tenanted by artisan classes" in different districts of London (housing between 7,000 and 8,000 families). It declares as its "two main principles—reconditioning, wherever possible, and enlightened management"[22] and claims to take "an important place in the great national effort which is now being made to solve housing difficulties." At the same time, however, it does profitable business; for ten years the Corporation has been earning 12 per cent on the capital and distributing 8 per cent to the shareholders. This unusual success in dealing with working-class houses may be traced to two causes.

As to reconditioning, the Rent Restriction acts permit an increase of 25 per cent on the pre-war rent for increased costs of repairs, an amount "sufficient to enable a conscientious landlord to carry out all repairs on an adequate scale."[23] In addition, 8 per cent since 1933 of the expenditure on additional or improved fixtures or fittings may annually be charged, if the tenant has given his consent to the alteration. Thus the costs are repaid by instalments with the rent; but the landlord has to advance the capital. Although this may be too heavy a burden for many private owners of working-class houses, the Metropolitan Housing Corporation has formed a special firm (under the same directorship) which does the repairs and alterations at the numerous housing estates, thus taking an extra advantage of the cheapening effect of large-scale work.

The economic success was, however, determined by the cheap purchase of the property. The Corporation does not erect working-class houses, as the directors realize that "the cost of building these days is prohibitive" (1936); but for a few years from 1926 onward, it acquired blocks of 50 to 500 old houses from private owners. As in that period the real-estate market was neglected, the Corporation was "the first in the field and was able to purchase with discretion and judgment before the present high level in the property market" prevailed. "None (of the houses) have been purchased at fancy figures." Judiciously selecting from a mass of old houses, it secured the best and most structurally sound. In the following years the Corporation pursued a policy of "re-selection"; by selling, at the high prices then offered, those properties "that had shown a high

[22] In 1932, the managing director, Mr. Claude Leigh, broadcast in New York a lecture on his work. The above quotations are from the reports of the annual meetings of the Corporation, 1933-36.

[23] Marley Report, par. 65.

ratio cost to maintain . . . aiming at establishing the lowest possible rate of maintenance on (the) properties as a whole."

This, of course, applies to a business enterprise, which can reject bad houses and take advantage of a slump in the estate market. Public housing policy, which has to follow other lines, can yet learn from its working. While maintaining and reconditioning old houses proves a lucrative business, "building for the poorer classes is definitely uneconomic" (New York broadcast, 1932). Further, the large scale of the undertaking equalizes the risks involved; if any single houses or special-sized houses or a particular district entail a loss, others make up for it.

Conclusion

English housing policy since the war may be credited, first, with having conquered the acute housing shortage which existed after the Armistice; second, with tackling successfully the worst grievances—namely, slums and overcrowding. Thus the accommodation of the very poorest is being looked after and has certainly been improved.

What remains to be done, however, is to lift the housing standard of the next higher, much more numerous class, that is, the bulk of self-supporting working-class families. Before the war, the provision of dwellings for this class was left in the hands of private enterprise, and the housing conditions of the wage-earners were admittedly inadequate.

By the first decade after the war, housing legislation took cognizance of this and granted subsidies for general housing. Since 1932, however, the responsibility for general house building has been transferred back to private enterprise. That it has not coped with the demand, as far as cheap houses to let are concerned, has been shown in this paper. The continuance of the Rent Restriction acts is an indication that sufficient numbers of working-class houses cannot be provided, under the prevailing conditions, by unassisted private enterprise.

"Housing the people," however, has come to be recognized more and more as a matter of public concern; promotion of general housing is, therefore, the next task by which English housing policy will find itself confronted.

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IS THERE A TENDENCY FOR PROFITS TO EQUALIZE?

Epstein states that there is little tendency for rates of profits in different industries to become equalized, even if allowance is made for different degrees of risk. But his conclusions rest on a sample of large and successful corporations during eight years only. Profits as reported are frequently not fairly comparable because of differences in accounting methods and in capital set-up. Moreover, taxes should be deducted from reported profits, and they were not uniform. High rates of average profit usually go hand-in-hand with great variability in profits from year to year. Readjustments among industries are most apt to occur in years of business recession, but were nevertheless considerable even before 1929.

Dr. Ralph C. Epstein, in his recent book, *Industrial Profits in the United States,* comes to the conclusion that during the period 1919 to 1928 the tendency of rates of profits in different industries to equalize was very slight. "In no year," he says, "is anything approaching uniformity of return seen between different industries.[1] . . . The industries which exceed the median return by the largest relative amounts in any one year lose no significant part of their high relative earning power over a six, eight or even ten-year period. Indeed, except for such temporary changes in average levels of earnings as accompany a year of marked depression, they retain a rather constant measure of advantage."[2]

He also maintains that the different earning rates in different industries are not explainable on the ground of compensation for risk, since the high-yielding industries retained their relative advantage throughout the period of discussion; and, in his opinion, the principle of risk differential should logically result in no differences of return over a long period, if extraordinary gains and losses were combined, and if estimates of risk were accurately made in advance by entrepreneurs.[3]

These conclusions may be questioned on several grounds, some statistical and some theoretical.

(1) Sample Corporations More Profitable than Others

In the first place, the corporations included in Dr. Epstein's samples not only show higher rates of profits than the industries they represent, which Dr. Epstein repeatedly admits, but they probably have an upward bias which becomes greater year by year because they do not include any concerns that went out of business during the period.[4] Reorganization involving a loss of identity frequently indicates that the concern has been unprofitable even when it is not technically bankrupt. This upward bias would, for purely mathematical reasons, be greater in the case of industries showing the highest rates of return, even if the proportion of disappearing concerns

[1] P. 74.
[2] *Ibid.*, pp. 101 and 105.
[3] *Ibid.*, pp. 86-88.
[4] Compare note by M. C. Rorty, in Dr. Epstein's book, pp. 12 and 19.

were the same in all industries. There are no statistics showing what these proportions are; but some of the industries ranking high in Dr. Epstein's list are generally believed to have a high mortality rate.

In a letter to the present writer Dr. Epstein has countered with the argument that newly organized concerns (which are also omitted from his sample) frequently have high rates of profit. This is true, but many newly organized concerns have very low rates of profit, and the high rates are more apt to be found in new industries than among newly-organized concerns in old industries.[5] In any case, a sample containing only concerns that are in existence at the end of the period studied must show an upward bias in rates of profit if compared with a sample representing all concerns in existence at the beginning of the period; and it is the latter sample that more correctly represents the rate of profits that business men actually receive on the total of their investments as of any given date; they therefore represent the rate that an absolutely accurate prophet would have to count on.

Dr. Epstein's sample consists of large concerns only.[6] It is easier for large concerns to postpone reorganization and to show apparent income during non-prosperous years, and it is probably more difficult for them to divert their fixed capital to other uses. The drastic step of writing down capital is not usually taken except during severe business depressions. On the whole, it is probably true that low rates of profit do not cause capital to be withdrawn from industries with any great rapidity, or as rapidly as might be desirable, during years of general prosperity, and that this inertia is greater for large corporations than for small ones.

(2) Uncertainties of Corporate Accounting

The figures of yield are more reliable indications of profits on actual investment in some industries than in others. Practices with regard to calculation of capital vary widely. It is generally believed that large concerns in the decade of the twenties were inclined to understate their capital. Some that were formed before the war were carrying fixed assets at pre-war prices. Possibly some formed during the war carried their assets at war prices. Such considerations make comparisons of industries not wholly reliable.[7]

The importance of inventories varies widely between industries and likewise the importance of patents, copyrights and goodwill, which are usually undervalued by successful concerns. The goodwill referred to is not merely a capitalization of earnings, but is often a direct result of expenditures on

[5] *Cf.* F. C. Mills, *Economic Tendencies*, p. 145, first footnote.

[6] Dr. Epstein attempted to check the representative nature of his samples in seven industries where available figures made such a check possible (*op. cit.*, pp. 497-512). The results are inconclusive. In four cases the sample (large concerns) earned at a higher rate than the other corporations in their industries in a majority of years and over the period as a whole. In four or five of the seven industries the variations from year to year in earnings rates of the samples corresponded very closely to the variations in rates of their respective industries, but the other samples were unsatisfactory in this respect.

[7] These considerations are admitted by Dr. Epstein (*op. cit.*, ch. 45).

advertising. These items are very important in retail trade, toilet articles, publishing and scientific instruments, which are the industries that consistently show the highest rates of profits, according to Dr. Epstein's figures. Dr. Epstein has stated his profits before deducting federal taxes. The item of federal taxes is probably higher for the more profitable industries because each industry includes some corporations that have paid no income tax in certain years, since they had no profits, and the number of such corporations is less in the more profitable industries. In addition, the excess profits tax which was in effect in 1919 to 1921 was imposed at a highly progressive rate on concerns making more than a minimum return on their investment, and the deduction of this tax from reported profits would greatly reduce the discrepancy between the most profitable industries and the others in those years.

(3) Variations between Industries

The sample studies are more representative of the whole industry in some cases than in others. Probably the riskiest industries are the most poorly represented because the number of concerns going out of business, and hence not included in Dr. Epstein's sample, would be greater. Another factor making comparisons less reliable is the difference in practices with reference to capitalization. Dr. Epstein is considering only the yield on capitalization (*i.e.*, capital stock and surplus). His figures from 1924 to 1928 are stated also as yields on total capital including bonds, and in a few cases this rate of profit is very different from that on capitalization only. In most cases, it is two- or three-tenths of one per cent less.

(4) Risk and Variability of Return

If high profits are regarded as merely a compensation for risk, the existence of a high degree of risk would not necessarily affect the rate of return for any industry as a whole, as Dr. Epstein points out; but it would greatly affect the rates of return for individual concerns within the industry. Successful concerns, such as those included in Dr. Epstein's sample, would naturally have high profits year after year until they become unsuccessful; but potential new capital considers the failures as well as successes. In many cases the risk is mainly in the first few years. After the first hurdle the track is comparatively clear, but unless capital is written up for goodwill, the return on the investment will look large. A better test of the public appraisal of risk is found in the average yield of securities over a period of years; seasoned securities usually yield less than new ones, and some industries have to pay more for capital than others. A going concern in a risky industry may be less risky than a new concern in a less risky industry.

Perhaps the best test of risk that can be derived from Dr. Epstein's figures is a comparison of the variability in return from year to year. If the average yield for each industry is calculated for the ten-year period, and the yield year by year is compared with that average, we get a measure of varia-

bility which is much greater in the case of most industries with high yields than in the case of the others included in Dr. Epstein's sample. The variability thus measured for the whole sample is 16.1 per cent (that is, the average annual variation from the average yield for the whole period divided by that average yield is 16.1 per cent). The variability of 27 industries that had the highest yields in 1919 was 26.9 per cent. The 10 industries that had the highest yields during the whole period under discussion showed the following variabilities:

	Per cent
Retail automobiles	39.2
Miscellaneous printing and publishing	26.3
Motor vehicles	26.0
Toilet preparations	20.7
Scientific instruments	19.7
Boots and shoes	19.0
Road machinery	18.1
Proprietary medicines	15.2
Newspapers	13.2
Retail groceries	12.2

The figures for retail groceries do not properly represent the industry, since the concerns included are exceptionally large, including chain stores.[8] It is a notorious fact that small retail groceries are very risky enterprises. The high yield of newspapers is partly explained by the fact that those included in the sample have a fairly large amount of senior capital, and the yields reported for these years in which figures are given both for yield on capitalization and yield on total capital show considerable differences. These corporations also do not properly represent the industry. Manufacturers of proprietary preparations are generally supposed to understate their capital because the amount entered on the balance sheet for goodwill, patents and copyrights is frequently less than the amount actually spent in acquiring those items. Although the yield reported for retail automobiles shows a high degree of variability, the high average yield is also explainable to some extent by the fact that these are exceptionally large corporations not typical of the trade as a whole,[9] and they also have a large amount of senior capital. It is evident that seven of the ten most profitable groups are subject to more than normal variability in their rates of return from year to year, which variability may be considered a symptom of risk; and the high yields of the remaining three can be explained either on the ground that capital is understated or that the sample is unrepresentative.

(5) Increase of Capital by Existing Concerns

Dr. Epstein points out that in some industries the invested capital increases faster than sales. This is not unexpected or undesirable if either the

[8] *Op. cit.*, p. 313.
[9] *Op. cit.*, p. 313.

profit margin on sales is increasing, or the rate of profits, though decreasing, is still satisfactory. The motor vehicle industry is an example of the latter condition.[10]

The increase of capital to which he refers consists entirely of increases by existing concerns. Naturally, they invest in their own industry if the expected return is satisfactory, even if there is a possibility of greater profits in some other industry. Dr. Epstein's analysis takes no account of investment in new concerns. In a few cases the increased investment by existing concerns in industries not showing increasing profits may be explained by the absorption of unsuccessful competitors.

(6) Readjustment of Low-Profit Industries Slow during Boom Years

The process of equalization of yield would naturally be slow in boom years, such as 1922 to 1928, because of the absence of pressure from creditors. It would be more rapid during depressions. This is shown not only by Dr. Epstein's large sample of 3,144 corporations for the period 1919 to 1921, but also by a sample of 71 manufacturing companies covering the period 1919 to 1931. These 71 companies are divided into eight groups. If these groups are ranked year by year according to the rate of profits reported, it will be found that there were considerable shifts in their relative positions. It can easily be demonstrated that such a shift as would result in absolute equalization of rates of profit would require only 16 "moves," if by "moves" we mean the net number of steps each industry goes up or down the list. A complete reversal of position—the most profitable becoming the least profitable, with a corresponding shift for each industry—would require only 32 moves. Comparing 1919 with 1921 there were 18 moves; comparing 1919 with 1925 or with 1931 there were 24. Two of the four industries with the highest rates of earnings in 1919 were among the four with lowest rates in 1931. Textiles jumped from first place in 1921 to last place in 1924; foods from last place in 1919 to next-to-the-highest in 1930. This would seem to indicate a high degree of equalization between 1919 and 1924. But from 1925 to 1931 there was very little change in the relative profitability of the eight industries.

A more recent publication of the National Bureau of Economic Research[11] contains a table similar to Dr. Epstein's, but based on income-tax returns for the years 1929 to 1933 and containing 10 groups. If this table is analyzed in the same way it shows that 3 of the 5 most profitable groups in 1929 were among the 5 least profitable in 1933. The shifting took place mainly in 1932 and 1933. With 10 groups the number of "moves" required to obtain absolute equality of yield would be 25; the number required for a complete reversal of position would be 50; the number actually found

[10] *Op. cit.*, p. 176.

[11] S. Fabricant, *Profits, Losses and Business Assets, 1929-1934*, bull. 55, April 11, 1935, p. 4.

when comparing 1929 with 1933 was 35. The foods groups (especially tobacco) consistently ranked high; the forest products group was consistently unprofitable; but the others varied greatly in their relative profitability.

(7) Readjustment Considerable Even before 1929

Returning to Dr. Epstein's larger sample, there is a great amount of readjustment apparent in spite of the failures to readjust which seemed so important to Dr. Epstein. Of the 106 industries represented, if ranked by profitability, only 17 were above the median in 9 or 10 of the 10 years considered, and only 13 below the median in 9 or 10 years. Only 6 were consistently in the upper fourth and only 5 in the lowest fourth. If the 27 most profitable industries in either of the years 1919, 1920 or 1921 are followed through the subsequent years, they are found to lose half of their advantage (as measured by Dr. Epstein's co-efficients of variation) by 1923.[12] The most profitable industries in 1919 were again abnormally profitable in 1924 to 1926 and in 1928. But leaders of 1920 and 1921 do not show such recuperative power. Six of the 27 most profitable in 1921 were actually among the 27 least profitable in 1928, and only 11 were still among the 27 most profitable. Nine of the 27 were less profitable than the average industry in 1928. The 27 least profitable industries in 1919 and 1920 remained abnormally unprofitable in subsequent years, but those of 1921 did not. Seven of the latter were among the 27 most profitable in 1928, and only 8 were still among the 27 least profitable. Twelve of the 27 least profitable industries in 1921 were more profitable than the average in 1928.

Dr. Epstein's figures do show a tendency for relatively unprofitable industries to continue operating for years without much improvement in profitability. It is plainly difficult to withdraw capital once it is invested, and it is not usually necessary to readjust capital as shown on the books until a major depression occurs. But Dr. Epstein's figures do not, in the present writer's opinion, support his conclusion that the classical doctrine of a tendency toward an equality of profit rates has been ineffective in recent years. Moreover, they are not inconsistent with the assumption that continued differences between industries in the rate of profits are largely due either to differences in risk or to differences in accounting practices. All they indicate is that the process of withdrawal from unprofitable enterprises is slow in years of apparent prosperity, like 1925-1929, of artificially low interest rates, like 1927, and of abnormal speculative activity, like 1929.

RUFUS S. TUCKER

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[12] Dr. Epstein points out (p. 100) that some of that loss is spurious, and that some industries retained a higher co-efficient. Nevertheless, the changes in relative position described in this paragraph are neither spurious nor exceptional.

COMMUNICATION

Suggested Change in the Economics Curriculum

It seems to me that the economics curriculum is poorly organized. The first course offered to the student is usually economic history of the United States, which, unless it is exceptionally well handled, is to a large extent a restatement of the driest parts of the high-school course in American history. The second course is an elementary course in principles of economics, which consists mainly in a rearrangement of the thoughts and ideas of all the economists. Most of the texts I have seen for use in this course are inferior in style and organization to the original authorities on which they are based, and they certainly are not as interesting or as clear to the undergraduate as would be a brief summary of the formation of economic ideas from the Greeks down to the twentieth century, such as is given in the more readable books in the history of economic thought.

Would not an elementary study of the evolution of our economic theory in the freshman or sophomore year give our economics and business administration majors a much better understanding of the foundation and scope of the field they are entering upon than a course in the principles of economics, or economic history of the United States?

Such a course would have several advantages that the other two lack. It would challenge the student's abilities by confronting him with economic problems and principles that have been developed through the centuries. It would acquaint him with the outstanding personalities in economics. He would become familiar with the source books in economics and with the various schools of economic thought.

I do not advocate the abandonment of the course in principles of economics, but I believe it would be much more valuable to a student after he had taken an elementary course in the history of economic theory, which would have given him a good background. And as he studied the application of economics to present-day problems he would have many things with which to associate them.

I do believe it would be advisable to substitute for the course in economic history of the United States an elementary course in history of economic thought, which should be followed in the senior year by an advanced course in the same subject.

RICHARD BOHAN

University of Detroit

General Works, Theory and Its History

An Introduction to Money, Banking and Corporations. By PAUL M. O'LEARY and JOHN H. PATTERSON. (New York: Macmillan. 1937. Pp. ix, 175. $1.25.)

This little book includes a part of the material for the elementary course in economics at Cornell University, the theory being that the material for the course should be published in a number of small books, to provide the flexibility needed by different students. As the authors express it, "The text material of today and tomorrow in elementary economics must be a mosaic of small books." At Cornell the course begins with Johnson's *Some Origins of the Modern Economic World* which is followed by an analysis of the price system—to be published soon—and this in turn by *An Introduction to Money, Banking, and Corporations.* The preface of the book does not state what other handbooks are to follow; but at any rate there is to be considerable elasticity in the arrangement of the material. The general scheme thus outlined is being tried also at Princeton, and a somewhat similar plan is being used at several other institutions.

Thus endlessly do the teachers of economics struggle with the course in "principles," trying first one thing and then another, seeking some way to get the "stuff" across. The Cornell scheme is like Professor Spahr's "coöperative venture" in that it calls for the talents of a number of men; but of course it offers more flexibility. This may be gained, however, at an increased chance of confusion and inconsistency. The various parts of a textbook should have some logical relation to each other; and any shift in their usual order, any omission of material, would seem likely to involve a danger of leaving gaps in the general plan. Even more definitely than Professor Spahr's 26-author text, the Cornell outline seems to involve an assumption that there is no such thing as a systematic body of "principles of economics," or at any rate none that can be written by a professor.

A serious pedagogical difficulty in this scheme, or in any expanded scheme for the elementary course in economics, is that it may mean increased duplication of work given in other courses. The present volume devotes 88 pages to corporations; and the economics major who later takes a course in corporations will surely cover much or all of this material again. The conventional course in elementary principles is largely duplication of work that the economics major takes later; and the more thoroughly the elementary course covers the ground, the greater will be the amount of this duplication. It is for this reason, among many others, that the reviewer has always insisted that the course in principles should not be given until at least the junior year, when the majors and non-majors can be separated, and a course pointed for the needs of each. The flexibility of the Cornell

plan would permit some such adaptation for students who decided on a major field before they had gone too far.

If this book is a fair sample of the Cornell handbooks, the course given there merits high respect. It is a meaty little book. Professor O'Leary, particularly, in his chapters on corporations, writes with clarity and vigor, and with flashes of irony and wit that make his carefully considered economics easy to read.

JOHN ISE

University of Kansas

Getting and Earning: A Study of Inequality. By RAYMOND T. BYE and RALPH H. BLODGETT. (New York: Crofts. 1937. Pp. vii, 274. $1.75.)

Informed with a wide-ranging view and profound social sympathies, this book addresses itself to the problem of inequality. In the conviction that the paramount source of inequality rests in unearned incomes, the authors undertake to explore the possibilities of removing this source while retaining our economic order with its incentives and its competitive price system. Accordingly, with chapters on inequality and inheritance taxes opening and closing the book, the focus falls on the distribution of wealth and the unearned elements.

The book is obviously intended for the general reader, and the discussion moves on an elementary plane, although there is distinctly no disposition to avoid analysis. The theory of monopoly receives limited attention, and monopolistic competition is barely mentioned. Although the function of capital and its relation to saving are indicated, the determination of the rate of interest is omitted. The marginal productivity of labor is pictured briefly as the product of the laborer put to the least important job. The following statement on rent is without a doubt merely a pedagogical simplification (p. 93): "Economists say that the amount of rent which the better lands yield is equal to the surplus value obtained from the labor and capital applied to them over what such labor and capital could yield at the margin of cultivation." (The context makes clear that "margin of cultivation" refers to marginal land.) More labor and capital will, however, be applied to superior land than to marginal land, and the resulting rent will exceed the amount implied in the above statement.

The proposed solution centers upon taxation, interference and amelioration. A gradually rising tax on land rent will culminate in the complete appropriation of economic rent by the state. The earnings of the lower strata of the population will be raised if the demand for their services is enhanced by rendering the supply of land and capital more abundant, if the advance to the upper non-competing groups is facilitated by enlarged opportunities, and if the numbers of the poor are restricted by birth control. A progressive income tax will cut the high salaries, which, because of the

scarcity monopoly of the recipients, embody unearned ingredients. The diminution of unearned profits will follow upon the abolition of their chief sources—monopoly, financial manipulation and the exploitation of the consumer. Inasmuch as large incomes, even when earned, owe their existence to the accident of ability and to social environment, a progressive tax is demanded here by social justice; and of course there is emphasis on inheritance taxes. The closing pages appeal to the spirit of *noblesse oblige* among the wealthy and exhort them to dedicate their fortunes to the public good.

Dealing with protean questions, a book can seldom escape sins of omission and commission. Altogether, the pleasant style, the smoothly moving argument and the epitome of a variety of economic principles combine to make this book a valuable introduction alike to economic studies and to a perennial problem of central importance.

M. M. BOBER

Lawrence College

An Introduction to Economics. By H. LARUE FRAIN. (Boston: Houghton Mifflin. 1937. Pp. xviii, 693. $3.00.)

Out of his experience with students in the School of Accounts and Finance in the University of Pennsylvania Dr. Frain has written an introduction to economics designed for those whose primary interests are likely to be in "applied economics," and who are interested in a better understanding of "the economic forces and circumstances with which they have already had some contact and which they will meet with increasing frequency in the course of their employment." The aim has been to steer a middle path between the excessive devotion to abstract reasoning of neoclassical theory and the undue emphasis on dynamic aspects of economic life, to the unreasonable exclusion of broad generalization, characteristic of the institutional approach.

The book is divided into five parts. The first three (about 400 pages) are devoted to a detailed account of the economic system in operation. They cover (1) the organization of business, (2) the characteristics of business (such as specialization, the money and credit system, price levels and business cycles, large-scale enterprise, monopoly), and (3) the factors of production, including private and public regulation. Parts 4 and 5 (about 300 pages) are devoted to the subjects of value and distribution, with a final chapter on taxation.

Only experience in using the book will tell whether this selection and arrangement of materials are satisfactory. Nobody knows what a text is like until the students have been exposed to it. There may be some complaint about the location of the chapters on money, credit, price levels and business cycles. There is much more likely to be irritation over the virtual omission

of international trade and the exceedingly sketchy treatment both of labor unions and of unemployment. Granted that the subjects to be treated have been determined by the needs of particular students, it is still a question whether in a book designed for those interested in "applied economics" and presumably vitally concerned with the major problems of our time, so little space should be given to these matters. Even if students of business in Pennsylvania are not expected to be aware of these things, students in general seem to find them very absorbing.

But with these qualifications, it can be emphatically stated that Dr. Frain has done a good job. His writing is lucid and interesting throughout, his treatment up-to-date, realistic and competent, the factual materials well chosen, and the numerous charts and tables particularly useful. Moreover the internal organization of the several chapters is painstakingly systematic. Dr. Frain appears to have a great liking, almost a passion, for classification. Headings and sub-headings abound. The book has the appearance of an expanded syllabus. This will certainly please many students, making as it does for ease of outline and review, though there are places in the book where classification seems to have become an end in itself, leading to the mere multiplication of insignificant distinctions. For example, the types of natural resources on pages 275-279.

There seems no reason why this book should not find favor among the adopters of texts. It should be particularly useful for students in schools of commerce and possibly in schools of engineering; but any instructor might find it attractive. Its greatest limitations will arise from the excessive multiplication of entirely competent textbooks in the last year or so, and from the growing scepticism of teachers who out of long experience tend to hold (1) that no textbook is satisfactory and (2) that any textbook will do.

J. A. Estey

Purdue University

Essays in the Theory of Employment. By Joan Robinson. (New York: Macmillan. 1937. Pp. vii, 255. $3.50.)

These essays, in the words of the author, represent an attempt to apply the principles of Keynes's *General Theory of Employment, Interest and Money* to a number of particular problems. Part I deals chiefly with the short-run problems of unemployment, and Part II with the fundamental relations between savings, investment, interest rates, real wages, and the level of employment. Part III applies the Keynes analysis to special problems created by international trade; and Part IV is a group of three essays which have no close relationship to one another, or to the main task of the volume.

The remainder of the review will deal primarily with the fifth essay, "The long-period theory of employment," which brings out clearly the difference

between generally accepted economic theories and Mr. Keynes's doctrine as it is understood by one of his most competent followers.

The conclusions may be summarized as follows: The rate of interest (which is taken as an independent datum controlled entirely by monetary policy) determines the amount of capital per unit of labor which it is profitable to employ (the structure of production). Assuming a constant labor supply, new investment stops when capital is sufficient to provide this amount of capital per laborer. Since net investment is now at a zero level, net saving must be zero also. Since the propensity to save depends on the level of real income of the community, total income must be such that saving will be zero. The amount of employment which will give this level of income is not dependent on the amount of work which the community is willing to perform; hence there is no reason to anticipate full employment at this level of output. The level of income corresponding to full employment can be attained only if saving at that level of income would be zero. The lower the schedule of thriftiness, the higher will be the level of income, and hence of employment, that is consistent with equilibrium. A large population will do more work than a smaller one only because the larger the amount of unemployment the lower will be the schedule of thriftiness.

A spontaneous increase in thriftiness would reduce the level of total output, because it would reduce the level of output corresponding to zero saving. Moreover, it would reduce the total stock of capital, because at the lower level of output the marginal efficiency of the old stock of capital would fall below the given rate of interest.

A fall in the rate of interest which might be engineered by the monetary authority would tend to increase the amount of capital that could be used profitably; hence to increase employment during the period of production of the new capital. When capital had been increased until its marginal productivity fell to the new level of interest, real wages would be higher, and, assuming no effect on the propensity to save, the equilibrium level of total income, and perhaps of employment, would be higher.

However, a fall in the rate of interest may lead directly to either a higher or a lower desire to save. If the propensity to save increased, a fall in the rate of interest would tend to reduce total income, and *vice versa*. The problem is complicated by the uncertainty as to whether, at the new proportion between labor and capital, the relative share of labor in the national income would be increased or decreased. If the share of labor were increased, the amount of saving corresponding to a given average income in a community would decline, and the level of income corresponding to zero saving would be raised, and *vice versa*. The power of the monetary authorities to secure full employment by setting the rate of interest at the appropriate level would be greater in proportion as the community was poorer, more egalitarian,

more spendthrift or more easily discouraged from saving by a fall in the rate of interest.

It is unnecessary to pursue the argument through the complications arising from the existence of scarce factors of production, and to trace the effect of inventions. The essential conclusions are clear—namely, that the volume of employment is not determined by the supply of laborers willing to work at the actual wage level, and that thrift does not conduce to the formation of capital or the expansion of real income.

In the reviewer's judgment the chief difference between the classical doctrine and the Keynes doctrine as interpreted by Mrs. Robinson, is not in the logic of either system; it is in divergent initial assumptions as to the real nature of saving. The classical analysis assumes that funds withheld from consumption by savers are offered to entrepreneurs, directly or through middlemen, so that the rate of interest tends to be lower, the greater the volume of saving. In the Keynes-Robinson analysis it is assumed that entrepreneurs obtain their funds from a banking system which is so organized that its ability to provide funds for entrepreneurs is wholly independent of the volume of saving that is going on. Saving consists merely of withholding income from consumptive expenditure; it has no effect whatever on the volume of funds seeking investment.

In truth, neither assumption is wholly realistic. There are two forms of saving, and they have diametrically opposite effects. Let us assume for the sake of simplicity that all the money of a community consists of bank deposits subject to check and of bank notes, and that the capacity of the banking system to issue notes and create deposits is in no way affected by the rapidity of turnover of these deposits and notes. Then suppose that two individuals desire to save one-tenth of their respective incomes. The first makes his saving by retaining in his possession one-tenth of the bank deposits or currency paid him by his employer. This decision in no way increases the ability or willingness of his bank to expand its loans. If the bank was "loaned up" before, it is still loaned up. But the flow of funds back to industry is less than the flow which accrued to the community as income in the previous cycle of production, prices fall, losses are incurred, and if wages are not perfectly flexible, unemployment ensues. Keynes's analysis is vindicated; the act of saving is entirely destructive.

But the second saver elects to save by purchasing a life insurance policy or putting money into a building and loan association, or into a savings bank which does not carry demand deposits. These institutions are in the business of supplying funds to entrepreneurs by purchasing securities or making direct loans. Their capacity to make such advances depends entirely upon the volume of savings entrusted to their management by the community. They are middlemen offering capital in a market in which the interest rate is

determined by the interplay of the supply of savings of the second type and the entrepreneurs' demand. Apart from possible lags (which are irrelevant for the long-period analysis and probably unimportant for the short-period) saving effected in these ways has no tendency to reduce income or employment; it does tend to lower the rate of interest and increase the amount of capital per head of the population. Any amount of saving of this sort is consistent with equilibrium. Of course, saving effected by direct expenditure of one's savings in his own business, corporate or individual, or by buying new securities, or buying old securities from some one who immediately buys new securities, is of the second type also.

If all savings were of the second type, and if the money supply were inelastic, no exception could be taken to the classical conception of the interest rate as a price which equates the supply of savings with the marginal productivity of capital. The prevalence of the hoarding type of saving on the one hand, and of bank expansion and contraction on the other hand, makes the classical analysis inadequate; while the "non-hoarding" type of saving, alongside forms of investment not suitable for financing through bank loans, makes the Keynes-Robinson analysis inadequate. The fact that the accumulation of idle demand deposits and cash is not the only form (nor probably the principal form) of saving, overthrows the Keynes-Robinson conclusion that the growth of thrift is of itself inimical to the formation of capital and the expansion of employment, The Keynes analysis has relevance only to a situation in which new hoarding (using this term to include all attempts to save by accumulating money) exceeds the disgorging of old hoards. It seems probable that in times of prosperity, though the saving rate is high, saving dissociated from the offer of funds in the capital market is negative, on balance. If so, the net effects of saving are the reverse of those postulated.

CHARLES O. HARDY

Brookings Institution

Patterns of Economic Activity. By ARTHUR RADFORD. (London: Routledge. 1936. Pp. xiv, 376. 12s. 6d.)

Here is a new approach to economics, an analysis of economic problems and phenomena as a process of pattern-making, a study of man as he administers, or makes patterns of, his material resources. The evolution of economics during the last twenty years—the development of economics as a positive science, the tendency to consider economic phenomena in terms of institutions and structure, the emphasis on economic dynamics, the increasing importance attached to the principle of substitution, and the recently enhanced interest in the appropriate field of governmental action—provides the occasion for this appraisal and restatement of economic principles.

The book considers five principal aspects of pattern-making. The analysis begins with a static picture of the economic system: the property structure, the distribution of money values, and the quantum of "economic well-being." The second presents the more general aspects of economic flux: the technical characteristics, and the time and space dimensions, of resources are explored to reveal the physical possibilities and limitations within which man operates; the continuing activity of man in applying the "principle of substitution" to the construction of more satisfying patterns is illustrated by the "flow" of "values-in-use" and "exchange values." The study of the internal administration of resources by individuals or business units follows a physical-financial-psychical pattern: the analysis of the physical limitations presents the concept of diminishing returns, the process of substitution, and the nature of indifference curves and elasticities of substitution; the financial aspect is concerned with three laws of returns—the law of variable ratios between total revenue and total production, the law of varying costs, and the law of varying sales return. The study of price and income emphasizes the conditions of general equilibrium of the pricing system rather than particular equilibrium; it recognizes that the price structure rather than the general level of prices must command the attention of those interested in problems of economic equilibrium; and it notes that the growth of a money and credit economy makes instability inevitable. The volume closes with a brief survey of the functions of the state.

The volume is a suggestive, not a definitive, work. Though no author should be criticized for limiting the scope of his endeavor, it may be noted that this book is essentially an introduction to the problems it considers. The technical administration of physical resources, the financial aspects of business units, the price relationships of the market, the income flows to members of the community, the significance of the transition to a money economy, and the rôle of the state—each is sketched only in broadest outline. The business cycle, monopolies and conditions of imperfect competition, and other perplexing aspects of the present economy are beyond the ken of the work. However, in examining afresh the assumptions and preoccupations of economists and developing the concept of pattern-making, new significance is attached to currently accepted doctrines and new unity is given to the value theory segment of economics. The criticisms of traditionally accepted theory—its statement of the principle of diminishing returns, its failure to recognize that the joint production of two or more products is the typical case to which its price analysis should be directed, its subordination of the consideration of the conditions of general equilibrium to the highly artificial consideration of the conditions of particular equilibrium, and its failure to state explicitly that costs of production of joint products can be calculated only on the assumption that selling prices are known—add clarity and precision where such qualities are sorely needed.

The author's recognition of the limitations on the applicability of his methods and conclusions enhances the value of his work, especially as an introduction of economic principles to over-credulous beginners in theory; and the ingeniously devised diagrams afford visual assistance in understanding difficult points of the discussion.

IRSTON R. BARNES

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Dialektische oder Rationale Methoden in der Nationalökonomie? Eine Erwiderung an J. M. Keynes. By HANS BOLZA. (Munich: Duncker und Humblot. 1936. Pp. 83. RM.2.80.)

By "dialectic" the author means the method of expressing one's thoughts in ordinary discourse, by "positive-rational" the method of casting them into mathematical form (especially graphs, it seems). His thesis is that only the positive-rational method is capable of giving insight into economic processes clear enough to enable man to exercise intelligent control over economic forces, in particular to stabilize the business cycle.

The author refers—very conspicuously in the subtitle, and again in the introduction, though nowhere else—to Mr. J. M. Keynes's latest book, *The General Theory of Employment, Interest, and Money,* as an example of "the hopelessness to which the dialectic method is doomed in attempting to penetrate into economic interrelationships which in the work of so prominent an economist as Mr. Keynes . . . must be regarded as especially tragic" (p. 4). This statement may well astonish students of Mr. Keynes who in this latest work as well as in earlier ones has used mathematical formulations whenever he found them applicable.

Mr. Bolza grants that not all so-called economics can be treated mathematically. Its human aspects he relegates into the field of sociology, reserving for economics only the concern with strictly measurable economic magnitudes ultimately reducible to terms of money. His mathematical methods now consist in this: Having rid his subject of all actual complexities and interdependencies of economic factors (by relegating them into sociology), he reduces economics to the study of reciprocal deliveries of goods between two parties paying each other in goods and money and keeping track at every moment of who owes whom how much. (In due course the two initially non-distinguished parties, A and B, become identified with "industry" on the one side, and "the state" on the other.) This simple economic scheme is next represented in various forms of graphs showing the growing aggregates of goods delivered and received by the two parties as functions of the time. At first Cartesian coördinates are used; afterwards cylindrical coördinates, the radius of the cylinder being made proportional to the volume of the media of exchange. Under this second scheme the

curves appear as helix lines winding around the cylinder, very attractive and important to look at.

Now prior to, and of course totally independent of, any graphs he chose to make, Mr. Bolza entertained the opinion that all-round prosperity can persist only if the total quantity of the media of exchange is made to grow continually according to an exponential (compound interest) law. After his economic scheme has been cast into the form of graphs this opinion can, of course, be stated in geometrical form: The divergence of the two aggregate curves of goods delivered and received means prosperity, since industry is earning money. Their convergence means bad times, since industry is losing money; for the "cylinder" to expand like a trumpet widening in the direction of growing t (time) means good times, and a trumpet pointing with its thinner end into the future spells depression.

These "results" now Dr. Bolza—most strangely—seems to regard as being revealed by, deduced from his graphs—as though it were a compelling argument in itself, that for a trumpet to widen out was a good and prosperous thing to do. Truly, of course, these "results" are nothing but the author's originally held views first read into and afterwards again out of the graphs. The whole procedure is as though Newton had demonstrated the truth of his law of gravitation and the superior power of the mathematical method by drawing a graph of his formula $\left(F = k \cdot \dfrac{m_1 \cdot m_2}{r^2}\right)$ showing the force F as a function of the distance r, and had next derived out of this graph the conclusion that his law has been proved true by a mathematical method, because his curve $F(r)$ showed approach to the r-axis inversely as the square of the distance. What truly did demonstrate the power of the mathematical method and the correctness of the law of gravitation was that Newton was able to deduce mathematically from this law (and the three general laws of motion) practically all the known and several then unknown motions of bodies in the heavens and on earth.

Few economists with any knowledge of mathematics, least of all, Mr. Keynes, deny that at times there are advantages in using mathematical forms of expression and they freely do use them. Symbols may be shorter, more concise, more easily manipulated than corresponding verbal propositions; graphs may produce more vivid and more integrated impressions of functional relationships than verbal descriptions or tables. But, first of all, such mere substitution of mathematical for verbal expressions can hardly be called a mathematical method of investigation unless out of such expressions new results can be mathematically deduced which, though implied by the original assumptions, might have been too remotely related to them to be inferred by the "dialectic" method. Secondly, where not handled

judiciously, the "positive-rational" method instead of being a source of enlightenment, turns easily into "dust in the eyes," particularly by giving ponderously-important aspects to propositions whose commonplaceness would be at once revealed if they were translated into the "dialectic" form.

If the author had introduced his subject for what it is—a graphical representation of his particular economic views—there need be no quarrel with it, though many might question his economic views. But when he comes forth with the claim of having demonstrated the sole validity of the rational method and thereby having refuted theories presented in the dialectic method, one cannot but reject his assertion as quite groundless, or at any rate as a gross exaggeration.

JOHN V. SPIELMANS

Washington, D.C.

Etudes d'Economie Politique Appliquée (Théorie de la Production de la Richesse Sociale). By LÉON WALRAS. 2nd ed. by GASTON LEDUC. (Paris: Pichon et Durand-Auzias. 1936. Pp. 495.)

Etudes d'Economie Sociale (Théorie de la Répartition de la Richesse Sociale). By LÉON WALRAS. 2nd ed. by GASTON LEDUC. (Paris: Pichon et Durand-Auzias. 1936. Pp. viii, 488.)

The celebration in 1934 of the centenary of Léon Walras' birth gave a fillip to the interest in his writings. Fortunately for those interested, his three major books are now in print in definitive editions. The fourth and definitive edition (1900) of the *Eléments d'Economie Politique Pure* was reprinted in 1926. The *Etudes d'Economie Sociale* and the *Etudes d'Economie Politique Appliquée,* which had not been republished since they first appeared in 1896 and in 1898, now have been revised in final form by Gaston Leduc from the manuscripts left by Walras.

The keenest recent interest has lain in the division of Walras' studies which he worked out in the *Eléments* and called pure economics. But it ought not to be forgotten that, although Walras made his most memorable contributions in pure economics, he thought intently and wrote voluminously in two complementary segments of economics which he labored to separate from each other and to distinguish plainly from pure economics. The *Etudes* treat of pure economics but incidentally and are occupied mainly with the two less noticed parts of his economic studies which he developed separately. In the *Economie Sociale* Walras explores the connection of justice to the problem of personal distribution, and in the *Economie Politique Appliquée* he applies pure economics to the problem of production. Thus, only in the limited sense that the *Etudes* deal sparingly with the pure economics for which Walras is best known today do they contain his lesser writings.

These less known and less discussed writings assembled in the *Etudes*

disclose a reforming trait in Walras' character which, while well marked, is apt to be forgotten when Walras is remembered above all as the author of the mathematically phrased theories in the *Eléments*. From the beginning of his career to the end, Walras' bent as a reformer was indicated by the outpour of articles and lectures whose course of argument customarily terminated in exact suggestions for the improvement of the economic order. The *Etudes* are, in the main, selections from these writings which had been published between 1861 and 1898.

Perhaps the least known and the least discussed of Walras' volumes is the *Etudes d'Economie Sociale,* in which are grouped the articles and lectures treating the bases for reforms devised to increase social justice. The writings, composed though they were at different times and for various occasions, bear a unifying thesis. After a reconciliation of the objects of socialism and liberalism, Walras elaborates a general theory of society in which the topic of justice in personal distribution becomes mainly a problem in the nature of property and taxation. His conclusions, though not the extent of the ground he worked over to reach them, are well known: the individual should be allowed the inequality chargeable to his own abilities, while the state should take care that everyone is given an even start at the outset. The plan to gain the "égalité des conditions; inégalité des positions" is the point where the discussion fastens upon the questions of property and taxation; for the plan submits that the desired end will be won if the state purchases all landed property and confines its expenditures to the income from land rents.

The *Etudes d'Economie Politique Appliquée* has received a more substantial notice, since in it Walras appears as an inventive monetary reformer whose details of analysis foreshadowed particular directions that monetary theory later pursued. He explains the notion of compulsory savings quite carefully but rather incidentally, and he enlists algebraic equations of both the Fisherian and the cash-balances type in examining the value of money. Running through the separate articles on money is his scheme for a stable price level based upon the free coinage of gold and a regulated supplementary coinage of silver, isolated, so to speak, by the abolition of all uncovered bank notes and by the prohibition of payments by check, and freed from foreign interferences by international accords. In more than half the volume Walras writes on money, credit and banking, which evidently was his first interest in applied economics, and in the remaining part he considers the nationalization of the railroads, free trade, agriculture, wages, and speculation.

An understandable apathy toward reform proposals of the last century, as well as the highly important shape Walras gave to theory in his pure economics, tells the cause in good part for the sensible eclipse of these collected writings by his less topical and more abstract *Eléments*. But, aside

from any desirability of viewing the suggestions for the amelioration of economic conditions by an economist of the reputation of Walras, the volumes justify republication and deserve attention for the finely woven analysis on which Walras rests his proposals, for the extensions that he makes in his theory, and for the care with which he dovetails the numerous parts of his economic studies and finally sets them in place within a broad social philosophy.

R. S. Howey

University of Kansas

Studi Storici di Economia. By Maffeo Pantaleoni. (Bologna: Zanichelli. 1936. Pp. x, 535. L.25.)

These *Historical Studies in Economics,* now appearing as the third in a series of volumes containing Pantaleoni's collected essays, arranged in accordance with a plan established by Pantaleoni himself, cover virtually the whole of the writing career of one of the most remarkable personalities among the economists of the last generation. They range from the early "Essay on a question of pre-historic law" (1882) through the memorandum on "The economic situation and the condition for its improvement" presented by Pantaleoni to the Brussels Conference of 1920, to the address on "Savings banks and banking institutions," in the public discussion of which Pantaleoni took part an hour before his death in 1924.

The non-Italian author who comes most readily to mind as one reads the two long essays which fill more than four-fifths of the volume is Walter Bagehot. It is difficult to imagine Bagehot as the author of Pantaleoni's *Pure Economics;* but it is certainly not difficult to think of the author of *Physics and Politics* in connection with what is in many respects the most brilliant of the studies included in the present volume—namely, that on "The origin of barter," an essay which continues to hold our interest not only because of its specific thesis with respect to the historical place to be accorded to "silent barter," but also because of its incidental argument on the question whether we may assume that the psychology of primitive man differed significantly from that of his "civilized" descendants, for the purpose of the problem in hand (pp. 35 ff., 50, 208 ff.). It is likewise difficult to imagine the sober author of *The English Constitution* and the *Essays on Parliamentary Reform* as the violent political pamphleteer that Pantaleoni showed himself to be in his later years, and of whom we are reminded in a passage in the latest essay included in the present volume (p. 528). One would, however, have thought immediately of the author of *Lombard Street,* even if Bagehot had not been brought into the discussion by Pantaleoni himself (pp. 307 ff.), as one reads "The fall of the Società Generale di Credito Mobiliare Italiana," an essay which, if it is a less brilliant performance than "The origin of barter," nevertheless deserves the consideration of

all future historians of the literature on the problem of bank-liquidity (pp. 244 ff., 345 ff.). The same problem is discussed likewise in the later essay on institutions of credit similar to the Società Generale (pp. 471 ff.), and deserves the consideration also of historians of the literature on the problems involved in the "salvaging" of banks and similar institutions (pp. 333 ff.).

It would be idle to pretend that none of the propositions advanced in this collection of essays can be regarded as antiquated. A brief discussion of the effect of money upon production, for example (p. 360), which was hardly advanced even for its own day, is an example of the contrary. Yet it remains true that Maffeo Pantaleoni was an economist whose range of interest and competence was nothing short of amazing, and who seems to have been incapable of writing with dullness on any subject to which he set his hand.

Arthur W. Marget

University of Minnesota

NEW BOOKS

Akerman, J. *Ekonomisk kausalitet.* (Lund: Gleerup. 1936. Pp. 155. 5 kr.)

This monograph is a methodological study in dynamic economics. It is said to be the function of economics to describe economic life as fully and correctly as possible. The test of success is the correspondence between prognosis and reality, the accuracy of prediction of events. A timeless, equilibrium economics provides no basis for prediction, since it lacks any cause-and-effect relationship, which is thinkable in time only. The static analysis, resting upon assumptions which are different from, and bear no necessary relation to, reality, may be mathematically and logically invulnerable, and at the same time worthless as contributions to the understanding of the social and economic relationships. It is necessary to fetch all the elements used in the theoretical models "exclusively" from observations along the time scale. And these observations must flow from minutely detailed investigations, embracing all relevant details in a number of characteristic cases.

One does not need to go far with Dr. Akerman to realize that his method is not without limitations. There are the labor of the interpretation of the stream of economic experiences along the "time scale," the difficulties of disentangling its interwoven threads, lest the story become nothing more than a mere chronicle of unrelated events; and the problem of extracting from the inductive evidence of the "cases" studied any laws of universal application, in view of the changing character of the stream of experiences.

The author is concerned primarily, not with the problem of outlining the procedure of statistical inquiries or case studies, but with the moments of the theoretical structure, "moments" having here the significance of factors whose potency determines the answer to the problem. In fact the monograph might not inappropriately be named *A Tale of Moments in Economic Theory.*

Jens P. Jensen

Carver, T. N. and Carmichael, M. *Elementary economics.* New ed. (Boston: Ginn. 1937. Pp. 591. $1.80.)

CHESSA, F. *Caratteri dell' organizzazione capitalistica.* (Firenze: Poligrafica Universitaria. 1936. Pp. 27.)

Widespread criticism of capitalism since the war recalls the era after 1837, the era of Sismondi and Marx. The inadequacy of Marx now calls for a new inquiry. The really central features of capitalism—entrepreneur, profits, credit—cannot be explained away. International political equilibrium rests subordinate to the maintenance of an economic equilibrium, however constituted.

R. F. F.

DEIBLER, F. S. *Principles of economics.* 2nd ed. (New York: McGraw-Hill. 1936. Pp. xvii, 611. $3.25.)

The first edition of this work, published in 1929, was a very satisfactory textbook for the beginning course; and users of this edition will find it even more so. As in the first edition, the emphasis is upon "principles"; there are no chapters upon applications or "problems." The original work was discussed in some detail by the present reviewer (*American Economic Review*, June, 1930, pp. 258-61).

Since the changes made in the second edition are not sweeping, it seems unnecessary to present any full description of its contents. No such fundamental revision was, of course, called for in a book on elementary principles as would have been true of a text that included a discussion of "problems." Nonetheless, some users of the book will wish that more changes in content had been made. There might, for example, have been a revision of the value chapters that would have taken more specific account of monopolistic competition and other recent developments. But others may well feel that in a text for an elementary course, no sufficiently adequate discussion of such developments could have been interpolated and that Professor Deibler, therefore, was wise in not attempting it at all.

Differences of opinion among critics on such questions, however, will not affect the conclusion reached in reviewing the first edition: the book is decidedly not just another text. It is a careful, systematic and well-rounded statement of basic principles that emphasizes the use of scientific method in economic analysis—as distinguished from emotional bias and the habit of superficial generalization.

The revision thus leaves the book with its many former excellent features, brings up to date the descriptive treatment of banking and other topics, and achieves a marked improvement in the clarification of numerous passages that, although well written before, are now lucid in the extreme. The ardent New Dealer might wish that more current illustrations were introduced to make the treatment arresting as well as lucid, but Professor Deibler doubtless felt that to employ many illustrations which might be no longer contemporary when the book was in the students' hands involved too great an element of risk. He was, I believe, correct. But that his treatment has considered the "institutional changes . . . effected or attempted under the New Deal" (p. v) and that he is at least not narrowly intolerant of them is evidenced by the continuance of a passage in connection with the organization of production that appeared in the earlier edition:

". . . Price serves as a rough index, but at times it may deceive the managers of industry. The unconscious forces that work through the market to distribute the factors in the direction of their most significant use are giving way to some

extent to a conscious policy based upon an intelligent analysis of the facts surrounding the conditions of production. An extension of scientific method to the problems of management, both public and private, will increase conscious control . . . increase the volume of wealth produced . . . also result in . . . better-adapted utilization of the natural resources of the country."

RALPH C. EPSTEIN

FAIRCHILD, F. R., FURNISS, E. S. and BUCK, N. S. *Economics.* (New York: Macmillan. 1937. Pp. xviii, 696. $3.)

GADOLIN, C. A. J. *Produktions-omvägsbegreppet i kapitalanalysen.* (Helsingfors: Holger Schilts Förlag. 1936. Pp. 235.)

In this doctoral dissertation on *The Conception of the Roundabout Method of Production in the Analysis of Capital,* the author is mainly concerned with proving that "the modern attack on the Austrian theories is useless" (*i.e.,* "is shooting over the mark"). He analyzes the characteristic works of Jevons, Böhm-Bawerk, D. H. Robinson, Cassel, Wicksell, F. Burchardt, F. H. Knight, F. A. Hayek, etc., to prove that especially Burchardt, Cassel, and Knight have misunderstood and misinterpreted Böhm-Bawerk. He contends that the main thesis of this famous Austrian, as improved and modernized by Wicksell, is still true, even though Böhm-Bawerk was not always consistent in the use of words and illustrations. "The existing opposition against 'time-productivity' is due mainly to a misinterpretation, for which Böhm-Bawerk himself is at least partly responsible on account of his inadequate illustration of his own contentions. . . . The element of time in production is equivalent to the roundabout method. In the analysis, the author endeavors to prove that the roundabout methods of production (*produktionsomvägarna*) are far from superfluous, as contended by Knight; on the contrary, they represent a necessary fundamental conception in any analysis of capital."

Many minor but interesting points and ideas are presented by Gadolin in this work. He contends that the economists ought to say *earth-wages* instead of economic rent. On page 144 he states that "the use of capital as a factor of production is on the whole nothing but a combination of the element of time (*tidsspridning*) and the original forces of production within one and the same product, and this product has been very incorrectly called a *factor.*" Furthermore, "the use of capital (*kapitaldispositionen*) ought to be, the sooner the better, eliminated from our textbooks as a factor of production. As such factors we ought to consider labor-power, land-power, and the element of time; Marshall was no doubt thinking of this last factor when he used the term *organization.*"

Unfortunately the book is written in involved and abstract Swedish.

LYDER L. UNSTAD

GEMMILL, P. F. and BLODGETT, R. H. *Economics: principles and problems.* Vols. I and II. (New York: Harper. 1937. Pp. x, 704; viii, 652. $2.50, each vol.)

HAGEN, H. *Der Einfluss der Maschine auf die Arbeitslosigkeit.* (Stuttgart: Boorberg. 1935. Pp. 304.)

This book, not written by a professional economist but by a civil servant of the present German régime, has two major ideas. First, the author argues that rationalization of industry has proceeded for Western European society, especially Germany, about as far as it can be expected to go. Second, he argues that the introduction of machines results in technological unemployment, which

might be permanent. These two (apparently contradictory) situations are synthesized by the author's viewing Western Europe and North America as the workshops of the world, and the rest of the world as producing the raw materials for industrial areas to work upon.

Because of great technological efficiency the industrial areas can produce more than can be sold. Similarly, were the non-industrial areas to attain their potentialities as industrial areas, they could not use all the products of their industry. These two conditions, in the view of the author, are intensified because of the doctrine of economic self-sufficiency.

The solution would not lie in increasing the rational structure of the world economic system, but rather in each national economy's limiting the introduction and utilization of machines so as to maximize employment. The reviewer finds it difficult to understand the position taken by the author if the author's own premise that industrialization has reached its asymptote is to be taken seriously. The reviewer also finds it difficult to follow the argument with regard to the necessity for decreasing technological advance in a national autarchy. Surely if a national self-sufficiency economy is to maintain even a semblance of the standard of living customary in Western Europe, rationalization will have to continue at an increasing rate.

Two other views of the author are interesting. The first is that capital investments are not always dictated by the profit motive but sometimes are the result of sheer interest in technology for its own sake. The second interesting viewpoint of the author is that the United States is included with Germany, Italy, Russia as a nation which has thrown overboard capitalistic liberalism for a corporative order. The NRA is the cause of the classification.

SIDNEY C. SUFRIN

HAWTREY, R. G. *Capital and employment.* (New York: Longmans Green. 1937. Pp. xi, 348. $5.)

HERMANN, F. *Lohnproblem und Wirtschaftsethik: die Beziehungen zwischen "moderner Theorie" und katholischer Wirtschaftsethik dargestellt am Lohnproblem.* (St. Louis: Herder. 1937. Pp. 176. $2.40.)

KIEKHOFER, W. H. *Problems in economics.* (New York: Appleton-Century. 1937. Pp. xii, 218. $1.10.)

To accompany *Economic principles, problems, and policies* by the same author.

LUNAU, H. *Karl Marx und die Wirklichkeit.* (Brussels: Ed. de la Phalange. 1937. Pp. iii, 97.)

MITCHELL, B. *General economics: an introductory text.* Rev. and enl. ed. of *A preface to economics.* (New York: Holt. 1937. Pp. x, 772. $3.)

MITCHELL, W. C. *The backward art of spending money and other essays.* (New York: McGraw-Hill. 1937. Pp. vii, 421. $3.)

This collection of Professor Mitchell's essays was made by Dr. Joseph Dorfman, from various journals in which they appeared during the past two or three decades; but Professor Mitchell has worked some of them over a little, as he states in the preface. The title of the book suggests a somewhat more practical slant than the essays represent; for most of them deal with economic theory and history of theory, with emphasis here and there on problems of research, national planning, institutional economics, and on the psychological postulates of economic theory. Essays on Bentham, Wieser, Sombart, Veblen and John R. Commons are included.

It is not necessary to analyze or appraise the economic views of Professor Mitchell here. It is sufficient to say that as one reads the essays, and notes the broad scholarship, the clear and happy exposition, the genial humor, the kindly, generous reasonableness of attitude, he finds it easy to understand the commanding position of Professor Mitchell in American economics, and particularly his ability to keep abreast of new developments in many different fields of our science.

JOHN ISE

RICHTER-ALTSCHÄFFER, H. *Volkswirtschaftliche Theorie der öffentlichen Investitionen: eine Untersuchung über die theoretische Stellung der öffentlichen Investitionen in der Dynamik der modernen Verkehrswirtschaft.* (Munich: Duncker und Humblot. 1936. Pp. iv, 155. RM. 5.80.)

Basing his work mainly upon the well known "savings and investment" theory of economic equilibrium elaborated in Keynes's *Treatise on Money,* Dr. Richter-Altschäffer presents the case for the use of public investment as a stabilizing device of economic activity.

The author is concerned with a theoretical justification of the rôle which, he believes, public investment is called upon to play in the maintenance of economic equilibrium, rather than with an analysis of administrative and financial techniques. With Keynes, the author argues that, in what he calls the "static sphere" of economic life, equilibrium will prevail if the savings accumulated by the community are equal to its investments; if the volume of investment (influenced by changes in technology, in economic institutions, in business psychology, etc., phenomena which belong, in his terminology, to the "dynamic sector" of economic life) grows to exceed savings, there will be prosperity; if savings exceed investment, depression will make its appearance. Since savings cannot be reduced without very painful economic readjustments and since we cannot and should not rely solely upon the slow and uncertain automatic workings of the economic system for a restoration of economic equilibrium, an important preventive and cure of depressions lies, Dr. Richter-Ält-schäffer believes, in the control of investment through an appropriate policy of public works.

WILLIAM G. WELK

RÖPKE, W. *Die Lehre von der Wirtschaft.* (Vienna: Springer. 1937. Pp. vi, 195. RM. 5.70.)

VALK, W. L. *Production, pricing and unemployment in the static state.* Netherlands Econ. Inst., no. 21. (Haarlem: Erven F. Bohn. 1937. Pp. xii, 138. Fl. 3.)

Economic History and Geography

Wholesale Prices in Philadelphia, 1784-1861. By ANNE BEZANSON, ROBERT D. GRAY and MIRIAM HUSSEY. (Philadelphia: Univ. of Pennsylvania Press. 1936. Pp. xxiii, 443. $4.00.)

This is the second volume of three dealing with the history of prices in Philadelphia. Volume I covers the period 1720-75 and has been reviewed in this REVIEW (March, 1936, p. 145). Volume III will present the basic material used in the first two volumes. In the whole period from 1720 to

1861 there is only one serious gap—the eight years of the Revolutionary War. The three volumes, incorporating the results of prodigious efforts, will be a fine monument to those who planned the work and to those who have executed it.

The plan to quote contemporaries on the subject of the causes of price changes is excellent. We learn about wars, yellow fever, banking conditions, and so on; but this method gives us nothing about the effect of monetary changes on commodity prices. The main value of the book lies in the statistical data embodying price changes. The authors have been able to use 140 commodities for the period 1784-1861, and 20 identical commodities for the longer period 1720-1861. The commodities have been grouped for convenience, for instance, farm products and their derivatives, imported goods, wines, fish, and furs.

The chief source of prices has been Philadelphia "prices current." These generalized prices have been supplemented by (a) the prices arising from actual transactions as recorded in the account books of Philadelphia merchants and (b) prices from elsewhere (apparently including New York). We may not like to see generalized and actual prices averaged together and we may not like to see the regional unity violated, but for final judgments on materials we must wait for the publication of the third volume.

In the stretch of 78 years covered by this volume, the authors have isolated 17 cycles. Two are long, covering over 9 years each; two are short, only 20 and 25 months; and the 13 others from 40 to 46 months. The high point in the whole period is 1815 and the low point 1843.

All in all, this work is genuine business history, which has no precedent in the American field. To be sure, it is practically only Philadelphia that is dealt with; but we are provided with a great array of facts for changes in local business conditions—prices, statements as to prosperity or depression, panics, and general credit.

The plan of the work is based on the belief that the only adequate explanation is complete description. No nice theory is expounded as to a single cause of business fluctuations or as to periodicity of cyclical movements. Rather do we find a breakdown of cycles into various lengths as they occur, of commodity groups into bewildering variations, and of causes as they actually operate from time to time. The historian will revel in these materials; the theorist should find them useful; and the statistician should feel satisfied that a fine technical job has been performed.

Although this work is only a regional study, it is a high model for other investigations to follow. And we may hope for those others in due time. It is the regional variations that hold out high promise for the future. Already this work indicates regional differences, for example, that Boston saw a peak in commodity prices in 1857, after Philadelphia had experienced its corresponding peak in 1855. But, when we have all the wealth of facts for

all, or many, regions, shall we then be able to generalize successfully? Or, are we giving up the lure of simplicity? At least, from a wealth of material we shall know intimately what occurred in business.

N. S. B. Gras

Harvard University

NEW BOOKS

Birnie, A. *An economic history of the British Isles.* (New York: Crofts. 1936. Pp. ix, 391. $3.)

Mr. Birnie, a lecturer in economic history in the University of Edinburgh, has confined his long story to one comparatively short volume. It may be true that "no previous attempt has been made to do this in a single volume" (p. v); but in doing so the author gives the impression of skimping rather than of compressing his material. He moves through the centuries from the earliest times to the eleventh century in 20-odd pages, and from the eleventh to the sixteenth century in scarcely more than 100. This is hitting the high places, surely, what the writer chooses to call "the broad movements"; but the book does so without creating any sense of time, without feeling the levelling edge of different customs, different nations, even different tongues. It would be a better book if the number of countries had been limited to one, perhaps England, instead of the four countries of the British Isles.

One or two examples will suffice to show the thinness that might have been avoided if the book had not been so rigorously condensed. In his treatment of the craft gilds the author states that "in the way of mechanical invention, the Middle Ages had little spectacular to show" (p. 107). Such a writer as Lewis Mumford (*Technics and Civilization,* pp. 438-439) would not overlook such discoveries as the compass, gunpowder, printing, and even the sailing ship (p. 164). In a page or two the author trips lightly over the trade restrictions placed upon the colonists, which were held to have contributed only "a minor element to the discontent of the colonists," and which did little more than "direct trade into channels through which it would have flowed naturally." The course of events proves this assertion, since the achievement of liberty "produced no material change in the American economy *for another thirty or forty years*" (p. 182; italics are mine).

However, the book has definite merit. It is interestingly written in an easy, fluent style by one who has the rare gift of putting life into the dry bones of the narrative of a past age. The author employs the descriptive method of treatment, and so falls somewhat out of step with modern historians who emphasize an analysis of the underlying forces of economic development.

The book is well annotated with references and suggestions for further reading. The bibliography contains a brilliant array of prima donnas, each supreme in a limited field. And to one who agrees with Voltaire that in the writing of history the details are mere *impedimenta* and "il faut voir les choses en grand," this volume is a regular Baedeker on Britain's economic history.

J. S. Robinson

Bloom, H. I. *The economic activities of the Jews of Amsterdam in the seventeenth and eighteenth centuries.* (Williamsport, Pa.: Bayard Press. 1937. Pp. xviii, 332. $4.)

Dr. Bloom has described the Jews going to, and living and working in, Amsterdam from 1579 to 1796. This is the period during which Jews had many

privileges but not complete freedom in the Dutch metropolis. Two streams of immigrants made their way to the New Jerusalem, the first from Portugal and Spain, the second from Germany and Poland.

The author pulls one more hair out of the tail of the leonine historian of capitalism—Sombart. Thus, he follows the trail of Heynen working on Venice and Strieder on Augsburg. All have found Sombart's ideas incorrect in some essential respects. The economist working in history is stimulating but in danger. In this instance, Sombart's idea that the Jews laid the foundation of Amsterdam's greatness proves to be false: actually, the Jews went to a city that had already begun to grow, one located in a state where religious and commercial privileges were open to them. Once in Amsterdam, however, the Jews made real, though minor, contributions to both the economic and cultural life of the community. Dr. Bloom shows from tax lists that the Jews were far behind the Dutch in wealth, although they stood high, and that they were not very important stockholders in the great trading companies.

The author tells us that the account books of the Jews are commonly lacking and that it is hard in many instances to identify men in the records as Jews. The book is valuable, however, for the facts it provides, facts taken from monographs, articles, and original records. Although the English is not always in good form, the tone is judicious. A useful bibliography is included.

N. S. B. Gras

Chalkley, H. O. *Report on economic and commercial conditions in the United States of America, December, 1936.* (London: H. M. Stationery Office. New York: British Lib. of Information. 1937. Pp. 205. 95c.)

Corbett, P. E. *The settlement of Canadian-American disputes: a critical study of methods and results.* (New Haven: Yale Univ. Press. 1937. Pp. viii, 134. $2.50.)

Faulkner, H. U. *American political and social history.* (New York: Crofts. 1937. Pp. xxii, 772. $3.75.)

Franck, L. R. *L'éxperience Roosevelt et le milieu social américain.* (Paris: Alcan. 1937. Pp. 386. 30 fr.)

Frank, T., editor. *An economic survey of ancient Rome.* Vol. III. *Roman Britain,* by R. G. Collingwood. *Roman Spain,* by J. J. Van Nostrand. *Roman Sicily,* by V. M. Scramuzza. *La Gaule Romaine,* by A. Grenier. (Baltimore: Johns Hopkins Press. 1937. Pp. 664. $4.)

Hillyer, W. H. *James Talcott, merchant, and his times.* (New York: Scribner's. 1937. Pp. 197. $3.)

Kinney, J. P. *A continent lost—a civilization won: Indian land tenure in America.* (Baltimore: Johns Hopkins Press. 1937. Pp. xv, 349. $4.)

This work presents a chronological discussion of Indian land tenure from the earliest settlements to the present time. After a discussion of the development of the early policy of segregation from the whites, the bulk of the study is devoted to a detailed treatment of the evolution and consequences of the allotment policy of granting separate tracts to individual Indians. In promoting this policy, the pressure of interests desiring the opening of Indian lands to exploitation and the eagerness of many Indians for immediate income is recognized; but the influence of the desire to reduce the rising cost of Indian administration and to promote the welfare of the Indian is emphasized. Among the causes cited for the failure to achieve economic independence for the Indians by this method were: the desire to end the large appropriations

in support of the Indians; the lack of capital and credit to develop allotments or to finance vocational education; the difficulty of securing Indian coöperation; and failure to apply principles of conservation and land-use study to Indian lands.

In the preface the author states his belief that a full understanding of conditions will "materially soften" the harshness of the criticism of the administration of Indian affairs. He agrees that much of the criticism has been well founded, but states, "Yet more of it resulted from the inherent difficulties involved in the task imposed upon public officials" (p. 330). The McCarl report of February 28, 1929, to the Senate is cited as on the whole "a refutation of allegations that the funds of the Indians were being recklessly handled by the Indian Service" (p. 299). The loss of the greater part of the Indian lands is ascribed to legislation over which the Indian Service had no control. It is stated that those lands sold under government supervision brought an average price of $18.50 per acre and agreed that in many cases in which the Indian Service could exercise no supervision over the sale much less than the real value has been secured.

The book has the merit of presenting in detail the legislation upon Indian land tenure and the pertinent comments from the reports of administrators. Despite the title, relatively little space is given to showing "the civilization won." References to the income status of the Indians are followed by general remarks on the progress made in education and civic responsibility. One wonders why the 1928 report of the Institute of Government Research and the 1935 report of the Office of Indian Affairs to the National Resources Board were not used.

JOSEPH A. BATCHELOR

KLIMM, L. E., STARKEY, O. P. and HALL, N. F. *Introductory economic geography.* (New York: Harcourt Brace. 1937. Pp. viii, 492. $4.)

KOHN, H. *Western civilization in the Near East.* Translated by E. W. DICKES. (New York: Columbia Univ. Press. 1936. Pp. xi, 329. $3.50.)

Economic and political imperialism are frequently defended on the grounds that they bring the blessings of western civilization to backward peoples. The experience of the Near East in the post-war period disputes this argument, according to Dr. Kohn. The countries which have made the most rapid strides in industrialization, agricultural development, and education have been those which earliest shook off imperialist domination, such as Turkey and Iran. Vigorous nationalism under benevolent despots has brought rapid Europeanization. Imperialist rivalries, the system of capitulations, and western mercantilism have been retarding influences: witness Egypt. Iraq which secured its freedom has made relatively more progress than Syria still held under a mandate. (For some reason, the author does not discuss Palestine and Transjordania.)

The author sees the Europeanization of the Near East as a rebirth, a reversal of the westward movement of civilization which occurred in both pre-Christian times and the Middle Ages. He is at his best in describing the geographical, historical and cultural setting of the Levant, weakest in explaining the political-economic techniques of the transformation now taking place. Writing for a popular audience, he describes what has occurred without explaining just how the changes were executed. There are frequent references to fascist and soviet influences, but no clear picture of the extent of public ownership or the

methods of direct government intervention in industry and agriculture. Apparently chief reliance has been placed on indirect methods such as tariffs, embargoes, banks and trade schools. The future blessings of industrialization and diversification are reiterated, while the costs of economic nationalism receive scant mention.

ROBERT B. PETTENGILL

LARSON, H. M. *Jay Cooke: private banker.* (Cambridge: Harvard Univ. Press. 1936. Pp. xvii, 512. $5.)

A case could be made out for the statement that a man is worthy of record in history partly because he blazed new trails; partly because he made notable contributions to the development of the times in which he lived. Dr. Larson has isolated the characteristic contributions of Jay Cooke to the effect that his "part in the financing of the Civil War still stands as a remarkable financial achievement and a great patriotic service." His work as a railroad financier, although unsuccessful in his hands, laid the foundation for the work of others who operated in more propitious times. Contrary to the judgment of the bankers of his times, Cooke introduced new ideas into private banking, such as active promotion of new issues, extensive advertising of securities, and, in the case of Civil War financing, popular loans designed to appeal both to the loyalty and to the investment judgment of potential buyers in the northern states. Moreover, he laid the foundation for much of the kind of private promotion of security sales that exists today; and his banking houses served as training schools for a number of men who were to carry on when his period of active banking had come to an end.

This volume is much more than a biography of Cooke. Dr. Larson gives a rather complete account of financial conditions in the time in which Cooke worked. Since Cooke's life spanned the years from 1821 to 1905, there appear discussions of banking and public improvement in the years before 1860, financial methods of the government during the Mexican War, and, of course, a very detailed account of the financing of the Civil War in which Cooke played his leading rôle. Then, the narrative includes ventures into the field of railway financing in which Cooke followed his customary promotion methods, and finally a discussion of his activity in mining promotion, in which he recovered some of his fortune after disastrous failure in the railway field.

Not only measures but men enter into the account. Thus we are given an insight into the character of Secretary Chase, and we are supplied with information about the Clarks, Drexels, Morgans, Barneys, Browns, and others who were actively engaged in private banking.

The author has not been carried away by the achievements of the man. She confines herself largely to factual conditions. She draws upon large quantities of data which she assembled for the first time in book form. The reader must make his own estimate of Cooke and his work from the narrative. But for this purpose the volume supplies ample resources.

I. LIPPINCOTT

LLOYD, H. D. *Wealth against commonwealth.* (Washington: Nat. Home Lib. Found. 1937. Pp. 384. 25c.)

MCISAAC, A. M., and others. *Industry, trade and agriculture.* Econ. and social institutions, vol. iv. (Boston: Little Brown. 1937. Pp. 492. $1.50.)

MAURETTE, F. *Some social aspects of present and future economic development in Brazil.* Stud. and rep. ser. B, no. 25. (Geneva: Internat. Labour Office. 1937. Pp. 99. 50c.)

OWEN, L. A. *The Russian peasant movement, 1906-1917.* (London: P. S. King. 1937. Pp. xix, 267. 12s. 6d.)

This study of the Russian peasant movement contains a wealth of valuable material hitherto inaccessible to most students of the subject; but the reader's task is made difficult by an imperviousness to style which recalls the long series of jokes and less kindly allusions to the unreadability of Ph.D. theses. In this case it is a pity; for, with toil and travail to be sure, the reader can unearth from the volume a dramatic story of Russian land tenure in a critical time and new light on Lenin's reaction to Marxist theory in this respect. Once more Lenin emerges as the skillful opportunist; and once more the almost unshakeable tenacity of the ideals of the petty bourgeoisie is made plain.

AMY HEWES

RUEDE, H. *Sod-house days: letters from a Kansas homesteader.* Columbia Univ. stud. in the hist. of Am. agric. no. 4. (New York: Columbia Univ. Press. 1937. Pp. xii, 248. $2.75.)

SHELDON, A. F. *Land systems and land policies in Nebraska: a history of Nebraska land, public domain and private property, its titles, transfers, ownership, legislation, administration, prices, values, productions, uses, social changes, comparisons, from the aboriginal period to 1936.* (Lincoln: Nebraska State Hist. Society. 1936. Pp. xvi, 383.)

SIPOS, A. *1936: année de la reprise économique en Hongrie.* Tirage à part de la *Nouvelle Revue de Hongrie,* Avril, 1937. (Budapest: Athenaeum. 1937. Pp. 16. 1 pengö.)

STOKES, R. L. *Leon Blum, from poet to premier.* (New York: Coward-McCann. 1937. Pp. 276. $3.)

UTLEY, F. *Japan's feet of clay.* (New York: Norton. 1937. Pp. 393. $3.75.)

Dr. Utley, a correspondent of *The Manchester Guardian,* has written an indictment of the Japanese economy in such scathing terms that her book has been banned from Japan as "the most anti-Japanese of all foreign material regarding the country." It is the author's thesis that the Japanese economy is at present much too weak to be able to carry on war with any first-class power. In support of this premise, she presents detailed analyses of Japan's poverty of raw materials, the weakness of its industrial structure, agrarian distress, and the position of Japanese labor. Japan's insufficiency of raw materials is already well known as a result of the studies of H. Foster Bain, the Ministry of Commerce and Industry, and the Mitsubishi Economic Research Bureau; and the author is thus perhaps unfair in stressing Japan's "bluff," at least as regards this factor.

The best sections of the book are those devoted to "small" industry, labor, and the agricultural situation. Dr. Utley's description of those enterprises which employ less than ten workers, and are thus outside of the jurisdiction of the Factory acts, but which employ more than half of the factory workers of Japan, comes in welcome contrast to the usual admiring discussions which stress the great industrial integration exemplified by the enormous Mitsui and Mitsubishi trusts. Nevertheless, here as throughout the entire volume, the author goes to extremes in minimizing the truly great industrial achievements of Japan during recent decades.

The book, emphasizing social factors, avoids any considerable discussion of monetary problems, and thus neglects to consider at length the topic of the inflationary possibilities of a continuance of the present expansionist fiscal policy which piles up budgetary deficits as a result of heavy military expenditures. Furthermore, but brief mention is made of one of Japan's greatest current problems, the lack of skilled labor necessary for a further expansion of industrial production. Unemployment statistics indicate that the expansion of production has already absorbed the available supply of skilled labor, unemployment persisting only among unskilled workers. If the increased demand arising from government spending is not able materially to raise output and employment because the further expansion of production is restricted by bottlenecks caused by a shortage of skilled labor, it may spend itself in raising prices; and a dangerous inflationary condition may result.

In spite of its sensational title and propagandist bias, the book is informative, factually sound, and thoroughly documented. It is interesting and provocative, although occasionally irritating in its one-sidedness.

E. G. Collado

Viljoen, S. *The economics of primitive peoples.* (London: P. S. King. 1936. Pp. 282. 12s. 6d.)

"Primitiveness, from an economic point of view," says Dr. Viljoen, "means a low development of technique, and therefore a slight control over the forces of nature." And "most of the things which we consider as most characteristic of our present-day civilization have been invented only during the last fifty years." It follows from this that the limits of his subject are very wide, and in his description of "economic culture" he includes peoples as separated in time and place as the ancient Mycenaeans and the modern Maori. Nor is he restrictive of the topics which fall within the scope of economics. His book starts with a discussion of the effects of genes on racial character, and ends with an explanation of the causes of human sacrifice.

The author has consulted an extensive array of works, and the writers whom he cites at one time or another include most of the well-known authorities on primitive society. Nevertheless, he has incorporated into his argument on some subjects statements from sources which are of dubious accuracy. It is, for instance, doubtful whether Charles Lamb's essay on roast pig in China offers a sufficient basis of fact for such a generalization as "specific needs are aroused by accidental discoveries." And it would certainly be interesting to have some evidence in support of Dr. Viljoen's own opinion that "women are the more imitative and less original sex," and at a lesser disadvantage in primitive society than elsewhere since "it is in the complicated relations of civilized society that men excel." For in spite of this handicap women, we are told, "have been responsible for the origin of most of the industries which have increased the material welfare of mankind."

In the heterogeneous mass of material marshalled by the author it is not always easy to recognize the economics which the title leads one to expect. Even when writing of such subjects as money and slavery he seems content to be a rapporteur rather than an interpreter. At the same time, however, he makes some comments on the economic aspects of life in primitive communities which are of doubtful validity. It is difficult to find any exact meaning in the statement, "The Incas had a developed economic system without money or even competitive trade." If "developed economic system" is interpreted loosely

enough, the same can be said of bees or beavers. And it is strange to read that "there is no 'natural propensity to truck, barter and exchange' as Adam Smith maintained," because the attitude of different people to trade differs. No evidence is offered of the existence of an attitude which actually neglects or suppresses trade.

I. C. Greaves

Wells, F. A. *The British hosiery trade: its history and organization.* (London: Allen and Unwin. 1935. Pp. 252. 10s. 6d.)

This brief and scholarly treatise deals chiefly with the hosiery trade or industry, only a few individual firms being considered. Interest lies in production, marketing, and associations of masters and of workers. The author himself first developed an interest in current conditions in the industry but found it difficult to obtain information and only at that point turned to history.

Until the fifteenth century, in England, there was apparently no knitted hosiery, until the sixteenth no machine-knitted hosiery, and until the nineteenth century no hosiery made by power-machines. The invention of the first hand machine for knitting hosiery was made by a clergyman who, seeing no prospect of using his machine, took it to France where his efforts also failed. In the seventeenth century the industry took firm root in London and elsewhere. Until the nineteenth century efforts were made to keep machines from going abroad. The weakest part of the book is the treatment of the hosiery machines and the hosiery-machine industry.

From first to last, the hosiery industry in England has been capitalistic. At first, it existed in the dependent phase of the wholesale handicraft system (Verlagsystem), then in the central workshop, and, beginning in the nineteenth century, in the factory system. In the first type, the workers were badly off—much like agricultural laborers. They had more of a feeling of independence in living than of abstinence in reproduction. The work of making stockings was easily learned and many turned to the industry as an alternative to agriculture or coal mining. In general, the hosiery industry follows the pattern of the textile industry about which we already have so much information. The author has leaned heavily upon Henson, Felkin, parliamentary reports, and journals. The student of English economic history, interested in the period from Elizabeth to the present, cannot afford to ignore this work.

Not the least of the merits of the book is that it emphasizes work rather than unions in dealing with the labor problem and that it comes down to the present when Germany and Japan compete and when even the colonies use their tariffs to shut out the British product. The English manufacturer holds his own with difficulty and that chiefly in the variety and specialty field. The optimum factory is medium sized. The industry uses mostly women and is rather better off than the average in England.

N. S. B. Gras

Whitaker, A. *Good newes from Virginia.* (New York: Scholars' Facsimiles and Reprints. 1937. Pp. 76. $1.50.)

1st ed., 1613.

Woodard, F. M. *The town proprietors in Vermont: the New England town proprietorship in decline.* Stud. in hist., econ. and public law no. 418. (New York: Columbia Univ. Press. 1936. Pp. 163. $2.50.)

Miss Woodard's study is essentially an examination of the changes wrought in the New England proprietary system in frontier regions by changing eco-

nomic and political conditions. This she does by tracing in detail the histories of two representative town proprieties in Vermont and New Hampshire against the general background of the system as it operated in the older New England settlements.

Early proprietors had been interested in the development and improvement of their lands, in the fostering of religious and social institutions in the communities which they founded and in which they lived. But as time passed conditions changed. The demand for new land increased as the older settlements filled up; at the same time capital, gradually accumulated here, was eager for investment, and land speculation was quick to start. Other factors were also at work. By the middle eighteenth century absentee proprietors were many, and their interest in their proprieties was limited to a quick profit—purely speculative. The whole system of granting proprieties in frontier districts, accompanied by share trading, hurried distribution of land to impatient absentee holders, neglect of communal activities, degenerated into a near racket.

The primary emphasis of the monograph falls on a study of the actual decline of the town proprietorship rather than on an analysis of the conditions productive of that decline. The latter problem, however, has not been neglected. It is quite easy to see, following Miss Woodard's exposition, why the various factors that made for an easy land policy resulted in a modification of the town proprietorship as a method of community settlement. Not quite so clear are the implications of the change, and the relationship (if any) of the proprietors, absentee though many were, to the communities with whose fortunes they were speculating. And since this kind of land speculation was so rife it would be interesting to know more about how profitable it was, to what extent the speculating proprietors, original and non-original, may have accumulated capital for productive investment. But it is the author's privilege to limit the scope of her work.

VERA SHLAKMAN

The economic literature of Latin America: a tenative bibliography. Vol. II. Compiled by the staff of the Bureau of Econ. Research in Latin America, Harvard Univ. (Cambridge: Harvard Univ. Press. 1936. Pp. xviii, 348. $4.)

This bibliography has a quality of interest not often associated with compilations of economic titles because its subject matter is varied and includes in addition to formal treatises many writings whose economic content is embedded in a matrix of history, travel, description, biography and other colorful material. Its arrangement continues the satisfactory plan of the preceding volume, which dealt with the continental countries of South America. It covers all the Spanish speaking republics from Panama northward including the Antilles. Puerto Rico, which though a dependency of the United States is historically and culturally part of the Iberian-American area, is given a section, but European colonies are omitted. Titles are classified by countries and topics, and each group is introduced by a critical note upon the literature of its field. An appendix on statistical sources and an index of authors conclude the book. Altogether 6,276 titles are given, or 32 more than in the South American volume. In some instances—*e.g.,* Thomas Gage's travels—only the first edition is cited though a modern edition has appeared. It is unfortunate that Eyler Simpson's *The Ejido,* the latest and most scholarly study of Mexico, was

published too late to receive notice. But a "tentative bibliography" can not be definitive. The work is well done and extremely valuable.

VICTOR S. CLARK

An economic survey of the Colonial Empire (1935). (London: H. M. Stationery Office. 1937. Pp. vi, 593. £1, 5s.)

A third edition, divided into two parts: (1) memoranda on the economic situation of each dependency, and (2) products of each. Data cover population, finance, trade, natural resources, industrial activities, transportation facilities and tariffs.

Fascist era, year XV. (Rome: Fascist Confederation of Industrialists, Piazza Venezia, 11. 1937. Pp. 128.)

The three years elapsed since issue of the first edition "have witnessed the realization in full of the Guild State—the Stato Corporativo—the great contribution made by Italy under the guidance of Mussolini toward the solution of the greatest social problems of our day." They have also shown that vast works for improving the economic equipment of the country were carried out "without increasing foreign indebtedness." Finally, despite "an economic siege" by 52 governments, Italy overcame "apparently insuperable difficulties" and added Ethiopia to her empire. These feats of organization are described.

Minister Ciano is named once; every other mention is of Mussolini, from whom quotations are frequent and three of whose speeches appear in the appendix. The book is succinctly written, well translated.

R. F. F.

Japan: the thirty-sixth financial and economic annual, 1936. (Tokyo: Govt. Printing Office. 1937. Pp. vii, 288. 2 yen.)

Statistical Baltic yearbook (1929-1935). (Washington: Polish Information Service. 1937. Pp. 108. 25c.)

Statistisches Jahrbuch deutscher Gemeinden: amtliche Veröffentlichung des deutschen Gemeindetages. 32 Jahrg., Lief. 1. (Jena: Fischer. 1937. RM. 25.)

Who's who in commerce and industry, 1936. (New York: Inst. for Res. in Biography. 1936. Pp. xx, 1190.)

Agriculture, Mining, Forestry, and Fisheries

Oil: Stabilization or Conservation. By MYRON W. WATKINS. (New York: Harper. 1937. Pp. xi, 269. $3.50.)

For the past several decades there has been an uneasy feeling on the part of conservationists that all was not well with our natural resource industries. Professor Watkins' scholarly study of conservation experiments in oil with particular reference to oil under the NRA will contribute little to a dissipation of this feeling. Nor will his book, which commends itself equally to those interested in the public regulation of business, contribute more to the peace of mind of this group; for the study constitutes a severe indictment of the effort to subject the oil industry to government regulation on behalf of the public welfare.

The first four chapters include a consideration of the economic significance of oil, the technical characteristics and peculiarities of crude petroleum, the organization and structure of the oil industry, and the meaning and significance of conservation. Professor Watkins recognizes, as have other students before him, that efficient production of oil is a problem of engineering rather than a problem of business management and that a system of free enterprise applied to oil production not only results in waste but makes for continuing instability. These consequences find their explanation in certain characteristics of crude petroleum as it occurs in nature—its concealment, exhaustibility and fugacity. The uncertain location of underground oil deposits makes the search for oil a speculative venture rather than a matter of economic calculation. Its exhaustibility and its fugacity, occasioned by its intimate association under pressure with gas and water, which serve as the energy resources to bring oil to the surface once an underground reservoir has been tapped, make for a race among competing property owners to capture as much of the oil as possible.

Such a system of exploitation makes impossible a workmanlike control of either the energy resources or the rate of output. The result has been waste and chronic over-production. A decade of mounting oil stocks and declining prices failed to stem the flood of oil which culminated in the East Texas field in 1931 with a daily output of over a million barrels and an ultimate potential production of many times this figure, but it did place in operation a program of proration designed to raise and stabilize oil prices, a program sold to the public and the state regulatory bodies in the name of conservation. It likewise served to develop a code of fair marketing practices approved by the Federal Trade Commission and directed toward the stabilization of the marketing branch of the industry. The petroleum code incorporated and amplified this program and placed the power of the federal government behind it. The bulk of the author's study is devoted to an analysis and evaluation of this program.

As a device for stabilizing output and protecting profits, the program is not seriously wanting in the author's opinion. Although the production of "hot oil" was not entirely eliminated by the code, it was greatly reduced after the establishment of the Federal Tender Board and the enactment of the Connally law declaring illegal shipments in interstate commerce of oil produced in excess of state proration orders. Meanwhile stocks were likewise reduced and the price of East Texas crude was maintained throughout the entire code period at a dollar a barrel as compared with as little as a nickel in 1931 and a posted price of a quarter immediately before the code was inaugurated. The efforts at stabilization in the marketing branch of the industry were not so successful despite certain "ill-advised" and collusive purchasing agreements designed to take "distress" gasoline off the market. Nevertheless the price of gasoline improved and, despite periodic

price wars and more or less continuous price cutting by recalcitrants, manifested on the whole a relatively comforting steadiness, particularly to the integrated company which produced directly much of its required crude and to whom dollar crude was largely a bookkeeping transaction. To the independent refiner, caught between dollar crude and a more erratic and relatively lower refinery market, the situation was more discomforting. Since the passing of the code with the Schechter decision, continued business improvement and state-regulated proration have made for continued improvement in the oil industry with 1936 second only to 1929 and 1937 promising to be even better.

It is as a conservation measure that Professor Watkins finds proration and the NRA wanting. Conservation he defines as the maximizing of the efficiency of production. It is a technical problem in the utilization of recovery energy. The contention that the engineering factors involved in conservation have had "any bearing whatever before, during the life of, or since the code upon the determination of the degree of curtailment sought to be enforced must be dismissed as a mere pretense."

To the reviewer, who has held a somewhat similar position, it seems that this study may be appropriately criticized at two points. First, the above quoted statement regarding the sham of proration as a conservation program is an overstatement. Since the decision in the lower federal court in Macmillan *et al. v.* The Railroad Commission of Texas, which held that conservation was but an accidental or incidental consequence of a program designed to raise prices, it has been necessary for state regulatory bodies to pay more attention to conservation factors if they are to write proration orders which will stand the review of the courts. Some progress has been made toward conservation. Nevertheless, I believe, the consensus of unbiased engineering opinion will support the position that proration has fallen far short of an ideal but practically attainable conservation program which has as its object the maximizing of productive efficiency. Such a program would involve, however, a modification of existing property rights in oil and would take as its point of departure for exploitation the geologic unit—the oil pool. Moreover, while making no pretense to solve all the intricate problems of engineering involved in the efficient utilization of the energy resources in oil production, the present proration program, in an effort to balance output with consumption, has apparently involved a deliberate curtailment of production in certain fine-grained sand pools to a point where efficiency in the utilization of the gas energy as an expulsive force has been reduced with consequent lessened ultimate recovery and increased cost of recovery. Such curtailment has been defended on the questionable thesis that to permit greater production would necessarily result in a breakdown of proration and an ultimate increase in underground waste.

Second, it appears to the reviewer that in his criticism of the administration of the petroleum code Professor Watkins has confused institutional shortcomings with personal deficiencies. He repeatedly criticizes the Petroleum Administrator as lacking in regard for the public interest and as serving the selfish interests of big business, frequently in an arbitrary and extra-legal if not illegal manner. The code as promulgated by the industry and approved by the President of the United States was designed to restrict output and increase and stabilize prices. It was based upon a misconceived notion of conservation. It contained no adequate guarantees for the protection of the public interest. Those who administered the non-labor provisions of the code found themselves inevitably functioning as the arbitrators of conflicting business interests. It is not surprising, in truth it was almost inevitable, that the interests of the inarticulate public received little direct attention. Also the code involved a broad and, as subsequently established, an unconstitutional delegation of power. This power appears to have been exercised in an arbitrary manner. At times what appears to have been an arbitrary exercise of power was necessary if the code was to function at all. The deficiency would appear more definitely to lie in a badly conceived, hastily executed and ill-advised recovery program than in the personalities who administered it.

These criticisms point more to errors of emphasis than to errors in Professor Watkins' basic thesis and conclusions. The study is a noteworthy contribution to the literature of conservation and the public regulation of business.

George Ward Stocking

University of Texas

A Study of Fluid Milk Prices. By John M. Cassels. Harvard econ. stud. 54. (Cambridge: Harvard Univ. Press. 1937. Pp. xxvii, 303. $4.00.)

This study deals with the factors influencing fluid milk prices in the dairy and industrial section of the United States, an area lying east of Minnesota, Iowa and Missouri. Although attention is concentrated upon the New England and New York milksheds, price relations between these sheds and others included in the dairy and industrial section are also explored. The quantitative analysis is carried only up to the year 1932.

The first five chapters are devoted to a qualitative analysis of supply and demand relations for market milk and other dairy products under conditions of assumed perfect competition. In the remaining twelve chapters (including summary and conclusions), quantitative data are introduced to amplify and modify the qualitative analysis. The author has assembled, in digest form, the various studies on phases of milk marketing appearing in university and other publications; and in addition there is considerable new material relating to the New England markets. All these data are presented

in such lucid fashion that they can be easily understood even by persons not especially trained in economics. This book should be of great value to producers, distributors and others connected with the marketing of fluid milk.

It has even greater merit as a contribution in the field of price theory. The approach is typically classical, although the author avoids the confusion arising from disputes as to the relative merits of the classical and the so-called institutional approach to the study of economics. He starts by presenting the more direct and simple hypotheses relative to fluid milk prices and then proceeds to modify and expand the analysis by introducing gradually more and more involved hypotheses. His analysis, however, is realistic, in that he traces clearly the manner in which institutional policies, such as railroad rates, city sanitary regulations and bargaining programs of producers' associations, have altered and distorted the pattern of prices from those that would prevail under conditions of assumed perfect competition. Although he follows the disciplines of the classical school of economics, he has not neglected to consider the manner in which institutions impinge upon economic relations.

The method of analysis used by Cassels could be applied equally well to markets in the southern states and western states; but there are many factors of sufficient difference from those prevailing in the dairy and industrial section to modify the conclusions that would be arrived at. Many of the markets in these sections are for practical reasons completely isolated from competition with milk produced in the dense production areas. Maintenance of monopoly prices is thus facilitated. Prices in such markets (for example, Jacksonville, Florida, and San Diego, California) are likely to be related more directly to purely local supply and demand conditions. Production costs are likely to be rather high, because of the absence of locally-produced grains and other concentrates. On the other hand, conditions in markets like Seattle, San Francisco, and Los Angeles are somewhat more nearly similar to those of Detroit and Pittsburgh, situated on the edge of important dairy sections.

An extension of the price analysis beyond 1932 would have shown the complete demoralization of prices and marketing conditions in most milksheds. This is evidence that when monopoly power is broken, even temporarily, prices may be forced to levels below what may be regarded as the long-time competitive normal. These conditions led to the clamor for government regulation. Many students of milk marketing are inclined to believe that federal and state control of milk markets has tended to prevent readjustments necessary to the long-time stability of milk marketing. It is believed that Cassels' treatment of the subject of fluid milk prices would have been strengthened by a chapter on the consequences of the breakdown of producers' bargaining monopoly.

Nearly every student of milk marketing will agree that there was a considerable element of monopoly benefit in the prices received by market milk producers in most milk markets prior to 1929. It is probable, moreover, that Cassels' computations reflect fairly accurately the monopoly element in the Minneapolis, Milwaukee and Chicago milk markets. It would seem, however, that his data tend to exaggerate the monopoly element in the prices in many of the eastern markets.

The premium to overcome inertia would surely increase, the farther consuming markets are located from the areas of supplementary supply. Fixed transportation costs tend to absorb a larger percentage of f. o. b. city prices, the farther producers are located from the city. This increases the element of risk of loss that might result from price declines; more distant producers would want to be assured of a considerable premium to cover this risk before they would undertake to equip themselves to supply milk of the required quality. Furthermore, part of the price received by producers of market milk is necessary to cover the additional costs (mainly for feed) of maintaining a more uniform supply of milk the year round. Feed costs are considerably higher in the New England states than in the Midwestern states. The data presented in figures 41, 42, and 43 indicate that even prior to 1917, when many of the producers' bargaining associations came into being, the differentials between the computed prices and the actual prices in the Boston, Hartford, and New York markets exceeded the upper limit of 30 cents set by Cassels as necessary to meet higher quality requirements for fluid milk. The main emphasis on rigid sanitary requirements has come since the war, and could quite easily account for some of the increase in differentials since 1920. Issue is taken with the author not on the existence of monopoly price but on the extent of monopoly benefit involved in the prices of some of the eastern markets.

The analysis of dealers' margins and chain-store differentials, most of which is in chapter 10, has not received the emphasis that the subject appears to warrant. Figures 21 and 22 show that dealers' margins in Boston and New Haven tended to remain relatively rigid over long period of time. The same is true for other markets. These margins, moreover, constitute over half the price paid by consumers for milk delivered by wagon or purchased at the store. Margins should be analyzed in the light of the trend in unit costs of processing and delivery. Since 1920 there have been many technological improvements in the distribution of fluid milk which have tended to reduce unit costs of handling. Two other factors, the growth in the total volume of consumption and a decrease in the number of dealers in most milk markets, must also have been important factors in reducing unit operating costs of distributors. Although there were undoubtedly other factors, such as increased wages and congestion in cities, which tended to

increase distribution costs, the net result should have been a lowering of such costs. Yet margins of distribution remained unchanged or were even increased. This indicates an even greater element of monopoly in distributors' margins than in producers' prices. In many markets (this was true for California and was probably also true for many eastern cities), a large part of these monopoly gains was capitalized in the form of goodwill during the so-called merger movement.

There is undoubtedly much public misconception regarding the profits of distributors and the inefficiency of distribution, but the subject is one of such importance that an adequate analysis of the whole problem seems justified.

The terminology "chain-store differentials" is open to some objection. Although chain stores in most markets were the first to sell milk below the wagon price, most grocery stores (independents as well as chain stores) have adopted this practice. In many markets the independent retail store has come to place so much reliance upon its earnings from the sale of milk that it resists, even more strenuously than chain stores, any attempt to modify margins and spreads.

In chapter 9 attention is directed to the problem of elasticity of demand for milk. It is possible to agree with the author that the demand for market milk is relatively inelastic. It is, however, extremely difficult to determine with any pretense of accuracy the relative degree of inelasticity because of the difficulty of separating qualitative factors causing a change in demand from those influencing elasticity of demand.

In several instances interpretation of figures would have been facilitated by the addition of tables or the inclusion of more detail in maps. Many persons have difficulty in interpreting figures. For example, a table of prices of milk, cream and butter accompanying figure 3 would aid materially in showing how the prices were built up and especially the points where there would be zones of indifference. In figures 33 and 34 the inclusion of mountain ranges or other natural barriers would have assisted materially in showing at a glance the reasons for some of the apparent inconsistencies in the geography of milk prices.

The above criticisms are not intended to detract from the value of the book either as an exposition of price theory or as a study of fluid milk prices. I find myself in general agreement with the author's method of presentation and conclusions. Certain aspects of the problem of the structure of fluid milk prices, especially that of dealers' margins, still need study. Such a study, however, to be at all adequate, will take considerable time and will depend upon a more coöperative attitude on the part of distributors than has been forthcoming in the past. It is, moreover, part of the wider problem of margins and costs which is now engaging the attention of the

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J. M. TINLEY

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Proceedings of the Fourth International Conference of Agricultural Economists, held at St. Andrews, Scotland, 30 August to 6 September, 1936. (New York: Oxford Univ. Press. 1937. Pp. xiv. 528. $6.00.)

This volume is distinctly important and for several reasons. In the first place, the problems which are discussed in it are so fundamental in character that any serious consideration of them must concern many besides those ordinarily included in the ranks of the agricultural economists. In the second place, the various contributors are interested mainly in the possibilities of formulating reasonably long-run policies in respect of the problems discussed. A further matter of significance is the large-scale reliance on the historical method of approach when attempting to lay down the lines of future action. Viewed simply as a contribution to agricultural economic history, the volume is distinctly valuable. A worth-while feature is the fact that each problem is considered by representatives of more than one country. This has the effect of widening the background of experience as the result of which conclusions may be drawn. Finally, the volume is valuable because of some striking divergencies in the major conclusions expressed. An example or two will serve to illustrate.

Although it is generally agreed that the exchange relationships between the products of agriculture and industry have become increasingly less favorable to agriculture during the post-war years, one view regards this changed relationship as temporary and another considers it to be permanent. On the general question of farm organization we find one writer maintaining that economic and social gain would result if agricultural production were organized on a joint-stock basis while another gives reasons for claiming that organization on the family farm basis is the most advantageous. Again we find the conclusion that public ownership of agricultural land in England is long overdue followed by the claim that private ownership is distinctly preferable so far as continental Europe is concerned. As regards the future wheat supply and price situation there are opinions varying from the most pessimistic to the very opposite.

The five main problems discussed are the relations of agriculture to industry and the community; the relations of land tenure to the economic and social development of agriculture; the provision of agricultural credit; farm organization with special reference to the needs of technical, industrial and economic development of agriculture; and problems of consumption of agricultural products. In addition there are several papers dealing with more specialized or localized matters. Those holding special interest for

United States and Canadian readers include problems of milk marketing regulation, compulsory syndicates for regulating agricultural prices, how the Natural Products Marketing act operates in British Columbia, relation of changes in meat production and consumption to changes in farm income from livestock in the United States, part-time holdings for urban workers, the evolution of the American family farm, and commercial policy and the outlook for international trade in agricultural products.

Altogether this book provides a large compendium of information and opinion and merits careful attention.

W. M. Drummond

University of Toronto

NEW BOOKS

Alimenti, C. *La questione petrolifera italiana.* (Turin: Einaudi. 1937. Pp. 279.)

Atkeson, T. C. and Atkeson, M. M. *Pioneering in agriculture: one hundred years of American farming and farm leadership.* (New York: Orange Judd. 1937. Pp. 222. $3.)

Below, G. von. *Geschichte der deutschen Landwirtschaft des Mittelalters in ihren Grundzügen.* Aus dem hinterlassenen Manuskript herausgegeben von Friedrich Lütge. (Jena: Fischer. 1937. Pp. vii, 114. RM. 6.)

Brunner, E. deS. and Lorge, I. *Rural trends in depression years: a survey of village-centered agricultural communities, 1930-1936.* (New York: Columbia Univ. Press. 1937. Pp. xvi, 387. $3.25.)

This is the third survey which has been made of 140 village centered agricultural communities scattered throughout the United States. It carries these villages through the years 1930 to 1936 and maintains the general pattern of the previous studies, published as *American Agricultural Villages* (1927), by Brunner, Hughes and Patten and *Rural Social Trends* (1933) by Brunner and Kolb. There is, in consequence, a continuous record from 1924 of various phases of economic and sociological developments in these communities. The data were secured largely from field work by competent investigators.

The period 1930 to 1936 was among the most eventful in the history of modern agriculture, and changes in these villages were closely associated with these developments. The economic life suffered heavily in absolute terms in the depression, but relatively the villages appear to have held their own or gained. There were less industries, 3.7 in 1936 as compared with 4.2 per village in 1930, but the trade and community areas increased in about one-third of the cases. There was an amazing increase of more than one-third in the number of stores, and the banking difficulties evidenced by failures of banks appear to have been checked by 1935. Population generally increased in both the open country and in the village. Rural schools were especially hard hit by the depression and the village schools although also hampered gained relatively, particularly the high schools. Fraternal organizations lost in membership, but other new types of social groups such as bridge and Townsend clubs appeared. The churches continued to lose in number and membership. There was an important expansion in adult education during the period. At the close of 1930 many observers entertained grave doubts of the place and extent of continuance of the Agricultural Extension Service, but governmental activities have strengthened it and increased its prestige. It reaches, however, largely

the country people. The weakest spot in rural adult education appears to be the village; and although the depression developments disclosed a desire on the part of the village for this sort of education no uniformly successful procedures were developed. As a whole, these village communities showed a surprising ability of adaptation and survival power.

Sociological elements and viewpoints dominate the study, but it includes important economic data and implications which are not to be overlooked by those concerned with rural problems. Moreover, many of these data are available in no other place. The authors have not been content to leave their study with a presentation of the found evidence, but hold that "social science must accept the challenge to interpret its discovered facts in terms of action." The closing chapter, in consequence, deals with the implications which authors feel these developments hold for the future.

WARREN C. WAITE

CHRISTIANSEN-WENIGER, F. *Die Grundlagen des türkischen Ackerbaus.* (Leipzig: Verlag der Werkgemeinschaft. 1934. Pp. x, 476. RM. 32.50.)

Turkey is predominantly an agricultural country: more than four-fifths of the population gets its living by tilling the soil. The Anatolian peasant has been the mainstay of Turkey, in peace and war. Improvement of his primitive conditions of working and living is a prerequisite to political and cultural development of the country. This book presents a detailed analysis of the physical and technological bases of Turkish agriculture. It describes the country's geology and climate, the main types of farming (irrigation-, rainfall-, dry-farming), the methods of cultivation and seed-selection. It will be of interest primarily to agronomists, economic geographers, and students of modern Turkey. The author is professor in the University of Breslau, professor in the agricultural college of Ankara, and expert in the Turkish Ministry of Agriculture.

CARL T. SCHMIDT

DICKSON, H. *The story of King Cotton.* (New York: Funk. 1937. Pp. 309. $2.50.)

ELLIOTT, W. Y., and others. *International control in the non-ferrous metals.* (New York: Macmillan. 1937. Pp. xxi, 801. $6.50.)

HARRIS, M. *Compensation as a means of improving the farm tenancy system.* Land use planning pub. no .14. (Washington: U. S. Dept. of Agric. 1937. Pp. 109.)

INNIS, H. A., editor. *The dairy industry in Canada.* (New Haven: Yale Univ. Press. 1937. Pp. xxxii, 299. $3.75.)

JONES, G. H. *The earth goddess: a study of native farming on the West African Coast.* Royal Empire Society imperial stud. no. 12. (New York: Longmans. 1936. Pp. vii, 205. $5.)

This book is not a mere description of agriculture on the West African Coast. Its essential purpose is the presentation of a program for the future development of native peasant farming. The author's argument centers upon three points. First, he contends that such a program must be based upon the existing type of small-scale farming. The widespread adoption of either the metayer or plantation system he considers as too revolutionary and not otherwise satisfactory. Second, his program calls for the formation of agricultural coöperative societies. By these it is hoped that the native peasants would be

able to overcome certain of the difficulties associated with small-scale farming, such as the difficulty of acquiring credit and inefficient methods of processing and marketing. Finally, the author argues for the education of the native in better methods of agriculture. Through a course in natural science native boys might be taught to think in terms of biological cause and effect, while adults might learn much from model farms and individual demonstrations. Such a program would represent the natural evolution of the present system; it would conflict little with the existing form of land tenure and would facilitate the development of native responsibility in government.

Five years of personal observation of conditions on the West African Coast qualify the author to carry out his task. A natural facility in writing helps to make his argument convincing; and his digressions on the significance of scale in agriculture and the history of the coöperative movement are worth reading even by those who are not particularly interested in West Africa.

ACHESON J. DUNCAN

KELLAR, H. A., editor. *Solon Robinson, pioneer and agriculturist: selected writings.* Vol. I. *1825-1845.* Vol. II. *1846-1851.* (Indianapolis: Indiana Hist. Bur. 1936. Pp. xxv, 582; xvii, 556. $3, each.)

This set is an important contribution to the history of antebellum agricultural improvement. The period covered (1825-1851) takes Robinson through early pioneer days in Indiana, his rise to prominence as a contributor to agricultural periodicals, his important journeys of agricultural study—to the beginning of his career as an agricultural editor.

The selections relating to early life in Lake County, Indiana, include detailed descriptions of early northwestern Indiana and of the characteristics of prairie farming—including information on costs of production, prices and market outlets; advice to prospective emigrants, particularly on baggage; the constitution of the Lake County Squatter's Union organized by Robinson (I, 66ff); and an important sketch of the early history of the county (II, 50ff).

Robinson's many contributions to agricultural periodicals, his wide personal correspondence and his initiation of a drive for a national agricultural society soon made him well known. As travelling correspondent and salesman in later years for the periodicals and for farm seed and implement houses, he wrote a notable series of travel letters which with his incidental letters are an acute commentary on agricultural practices in nearly every state then in the Union. He campaigned vigorously for such practices novel to the times as deep plowing, terracing for erosion control, use of fertilizers, wider circulation of agricultural papers, and others too numerous to mention. No subject involving a better method was too trivial for his attention. His comments are made especially valuable by their specific references to individuals, localities and crops with many estimates of costs of production and market prices.

The excellent introduction and the calendar of Robinson's writings enable the reader to refer to those works not included here. The biographical footnotes on men cited add much to the value of the work.

JOSEPH A. BATCHELOR

PINEAU, L., and others. *Le petrole et son économie.* (Paris: Lib. Technique et Economique. 1935. Pp. 224. 30 fr.)

This symposium by 18 European technical experts represents an effort to present in a single volume a detailed picture of the world petroleum industry.

Since the volume is printed in relatively small type in two columns of 60 lines each to the page, it contains a much greater wealth of material than its 224 pages would indicate. It is profusely illustrated by statistical charts, graphs and tables. Although its authors are somewhat specialized in interest and large in number, their aim has not been to present an unrelated collection of technical articles on oil but to give a unified picture of the world petroleum industry and a coherent account of its development. The opening chapter by Henri Peyret, who contributes five of the total of 23 chapters, presents a summary account of the evolution of the demand for petroleum products, the trend of world production and world trade in petroleum, and the structure and corporate control of the industry. Chapter 2 by Robert Courau deals with the technical characteristics of oil and its products, the geology of petroleum, methods of recovery, and the refining process. The topics treated in the subsequent chapters include the production of crude oil and its geographical distribution, the refining industry throughout the world, the transportation system for crude petroleum and its products, world trade in petroleum and its products, the world trusts and state-controlled companies. There are individual chapters on the development of the petroleum industry in the more important countries of the world including the United States, Great Britain, France, Germany, Italy, Roumania, Japan and China, Soviet Russia, and Spain. Of particular interest is a discussion of the taxation of petroleum with reference to France and an analysis of the financial structure of the industry and the course of earnings and dividends. The concluding chapter by R. Brunschwig deals with the future of petroleum.

This volume has both the defects and virtues of its characteristics. Despite its aim to present a coherent and unified account of the petroleum industry in its world ramifications, it is necessarily sketchy and incomplete and contains some duplication. I know of no other single volume, however, where as great a range and detail of information on the oil industry viewed as a world enterprise can be found.

GEORGE WARD STOCKING

SHEPARD, C. Y. *The cacao industry of Trinidad: some economic aspects.* Ser. II. *A financial survey of estates during the seven years 1923-24 to 1929-30.* Ser. III. *An examination of the effects of soil types and age on yield.* Ser. IV. *Recommendations for improving the efficiency of estates.* (Trinidad: Imperial Coll. of Tropical Agric. 1936; 1937; 1937. Pp. 30; 50; 22. 3s. 4s. 6d.)

STALEY, E. *Raw materials in peace and war.* (New York: Council of Foreign Relations. 1937. Pp. 243. $3.)

TAYLOR, P. S. and VASEY, T. *California farm labor.* (Washington: Social Security Board. 1937. Pp. 16.)

WOOFTER, T. J., JR., and others. *Landlord and tenant on the cotton plantation.* Research monog. v. (Washington: Works Progress Admin. 1936. Pp. xxiii, 288.)

In the introduction the authors state that their primary object is the "presentation of the human elements associated with the land tenure system in the Eastern Cotton Belt. . . . To accomplish this the plantation has been made the unit of study, for the plantation is both an organization for production and the mechanism for the distribution of the product." The book is basically a report of a field study of 646 plantations located in the six states: Alabama, Arkansas, Georgia, Louisiana, Mississippi and North Carolina. For the pur-

pose of the study a plantation is defined as a tract farmed by one owner or manager with five or more resident families. These may include the landlord and laborers, share tenants and renters. The main distinction between the last two is that the renter owns his own work animals and implements and so enjoys a measure of independence but the share tenant contributes only the labor of himself and his family.

The outline of the study is indicated by the titles of the chapters which are as follows: "Plantation areas and tenant classes"; "Ownership"; "Plantation organization and management"; "The one-crop system"; "Credit"; "Income"; "The tenants' standard of living"; "Mobility"; "Education"; "Relief and rehabilitation"; "Constructive measures." A concise summary of the detailed information developed in the several chapters is presented at the beginning of the book. Also rather extensive supplementary tables are printed in an appendix.

As pointed out by the authors, the method of selection excluded the majority of the farms of the South because farming in most of that region is typically a small-unit operation. However, plantation customs and ideology set the pattern for relationship on the smaller farms. The plantation system has been much discussed and a great amount of general information is available but specific statistical data are surprisingly scarce. The Bureau of the Census counts each tract cultivated by a share cropper as a separate farm and does not publish data on the extent of land holdings or the control of farming operations by centralized management. Dr. Woofter's report, therefore, makes an important contribution to a subject of great importance in the economy of the South and of the nation. The original data are based on a rather restricted sample and the hope is expressed here that the next general *Census of Agriculture* will collect similar information so that a comprehensive picture can be had which can be compared with the results of this survey and with the census figures of 1910. Supplementing the data drawn from the field study the authors present an excellent analysis of statistical material derived from secondary sources.

In the discussion of constructive measures care is taken to insist that basic realities of the economic and social organization of the South must be faced. The main factors which are emphasized are the pressure of a large and impoverished farming population, the inter-racial character of the people, lack of education, low producing capacity, the strategic position of the landowners, the existing inter-regional and international economic relationships of the South and social inertia. The presentation of specific reform measures consists primarily of a review of the programs which either have been attempted by the present administration or are under consideration.

H. H. CHAPMAN

Australia: extractos del informe de la Comisión Real del Trigo e Industrias Molinera y Panadera (13 de marzo de 1935). (Buenos Aires: Comision Nac. de Granos y Elevadores. 1937. Pp. 48.)

Constitucion de la Comision Nacional de Granos y Elevadores, 4 de agosto de 1936. (Buenos Aires: Comision Nac. de Granos y Elevadores. 1936. Pp. 25.)

Drainage basin problems and programs. National Resources Committee, December, 1936. (Washington: Supt. Docs. 1937. Pp. viii, 540. $1.50.)

Fourth annual report of the Farm Credit Administration, 1936. (Washington: Farm Credit Admin. 1937. Pp. 215. 20c.)

Farm tenancy: report of the President's committee. (Washington: Supt. Docs. 1937. Pp. 116. 30c.)

Imports and exports of agricultural products. Joint report of Agric. Dept. Committee and Foreign Commerce Dept. Committee. (Washington: Chamber of Commerce of U. S. 1937. Pp. 47.)

Summary report on cost of distributing milk in the Boston market. Prepared for Mass. Milk Control Board. (Boston: Rittenhouse. 1936. Pp. xx, 204.)

United States census of agriculture, 1935: general report, statistics by subjects. Vol. III. (Washington: Bur. of the Census. 1937. Pp. 415. $1.75.)

Wheat studies. Vol. xiii, no. 7. *Soviet agricultural reorganization and the bread-grain situation.* No. 8. *World wheat survey and outlook, May, 1937.* (Stanford University, Calif.: Food Research Inst. 1937. Pp. 309-376; 377-406. $1; 60c.)

Wheat in the United States. (Washington: U. S. Dept. of Agric. 1937. Pp. 38.)

Manufacturing Industries

NEW BOOKS

DAVISON, E. *Beer in the American home.* (New York: United Brewers Industrial Found. 1937. Pp. 29.)

HOLLERAN, O. C. *Basic industrial markets in the United States: the iron and steel industry.* Market res. ser. no. 14.2. (Washington: Bur. of Foreign and Domestic Commerce. 1936. Pp. 51. 10c.)

HOOVER, E. M., JR. *Location theory and the shoe and leather industries.* Harvard econ. stud., vol. lv. (Cambridge: Harvard Univ. Press. 1937. Pp. xvii, 323. $3.50.)

MORRISON, A. C. *Man in a chemical world: the service of chemical industry.* (New York: Scribner's. 1937. Pp. xi, 292. $3.)

PABST, W. R., JR. *Butter and oleomargarine: an analysis of competing commodities.* Stud. in hist., econ. and public law no. 427. (New York: Columbia Univ. Press. 1937. Pp. 112. $1.50.)

Transportation and Communication

NEW BOOKS

PARMELEE, J. H. *A review of railway operations in 1936.* Reprinted from *Railway Age,* January 2, 1937, and revised to March 16, 1937. (Washington: Bur. of Railway Econ. 1937. Pp. 31.)

REEVES, W. F. *The first elevated railroads in Manhattan and the Bronx of the City of New York: the story of their development and progress.* (New York: N. Y. Hist. Soc. 1936. Pp. 137.)

SMITH, E. D. *Air mail transport.* (New York: Author, 270 Convent Ave. 1937. Pp. 44. $10.)

Economic and social values of the motor vehicle. (Washington: Nat. Highway Users Conf. 1937. Pp. 63.)

Freight commodity statistics, Class I steam railways in the United States, year ended December 31, 1936. Statement no. 37100. (Washington: Interstate Commerce Commission. 1937. Pp. 113. 75c.)

Interstate Commerce Commission semi-centennial commemorative issue, March, 1937. George Washington Law Review, vol. v, no. 3. (Washington: George Washington Univ. 1937. Pp. 525. $3.)

eral price level. An ordinary supply and demand analysis is proposed as a

Trade, Commerce, and Commercial Crises

NEW BOOKS

BLUM, O. *Verkehrsgeographie.* (Berlin: Springer. 1936. Pp. 146.)

CARELL, E. *Freihandel und grösstmögliche Güterversorgung.* (Jena: Fischer. 1937. Pp. iii, 68. RM. 2.50.)

HERISSON, C. D. *Autarchie, économie complexe, politique commerciale rationnelle: contribution à l'étude des doctrines du commerce international.* (Paris: Lib. Technique et Economique. 1937. Pp. 206.)

The first part of this book reviews the writings of American economists and publicists from the early days of the country's national existence to the post-war period. Beginning with Hamilton's *Report on Manufactures* and ending with Crowther's *America Self-Contained* and his two *Primers,* the author presents the various arguments which have been advanced in the United States first for the industrialization of the country under a protective tariff and last for a policy of self-containment and self-sufficiency. The American reader who is familiar with the works of Raymond, Carey and Patten and who has been propagandized in recent years by the Chemical Foundation will find little that is new in this part of the book except for the fact that it is of some interest to note the reaction of a French writer to the doctrines of Donham, Dennis, Stuart Chase and others who are of a similar turn of mind. Suffice it to say, that Mr. Herrison is in accord with the present trade agreements policy of the Roosevelt administration which runs counter to such doctrines.

The second part of the book contains a sympathetic exposé of the arguments of a number of European economists against an extreme territorial division of labor which would keep some countries in a purely extractive and agricultural stage of development and thus comparatively poor while permitting others to reach the pinnacle of economic prosperity by the application of scientific discoveries, capital, organizing ability and skilled labor upon the development of manufacturing pursuits. One can agree with the author that diversified economic activities within national boundaries are not incompatible with world coöperation and with the maintenance of peace.

The concluding chapters are devoted to a consideration of what would be the best commercial policy to adopt under present economic, political and social conditions. The plan proposed has many points of similarity with that evolved by the Commission of Inquiry into National Policy in International Economic Relations; it is a plan which, according to Mr. Herrison, due to its moderation would not arouse too much opposition on the part of nationalistically inclined public opinion and which would pave the way toward a gradual liberalization of international commerce from the fetters which have been strangling it.

SIMON LITMAN

JONES, F. M. *Middlemen in the domestic trade of the United States, 1880-1860.* Stud. in the soc. sci., vol. xxi, no. 3. (Urbana: Univ. of Illinois Press. 1937. Pp. 81. $1.)

OULÈS, F. *Le mécanisme des échanges internationaux et la politique commerciale en temps de crise.* (Paris: Recueil Sirey. 1936. Pp. 126. 20 fr.)

In part 1 the author reviews briefly the classical theory of international trade and finance with critical emphasis placed on the explanation of automatic adjustment in terms of the quantity theory of money and changes in the gen-

eral price level. An ordinary supply and demand analysis is proposed as a substitute for the classical theory. In periods of prosperity the supply and demand analysis explains the process of trade specialization and adjustment without recourse to the quantity theory of money. In periods of general depression it explains some of the difficulties which weak countries encounter in international trade and finance. A weak country is defined as one which because of natural (*e.g.*, soil fertility), social (*e.g.*, welfare legislation), or technical (*e.g.*, production methods) conditions has, relative to other countries, an inferior advantage in international trade. The conclusion is then reached that during a general depression the contraction of demand for international commodities pinches more severely the weak (or marginal) countries.

An attempt is made in part 2 to support the above analysis with a very general type of inductive verification. The diverse price movement of various categories of commodities is cited as a vital weakness in the explanation of trade adjustment in terms of quantity theory and general price levels. To support the thesis that a general depression affects disproportionately the trade of weak countries, the relation between depressions and the development of protective trade policies in different countries is interpreted to be one of cause and effect. Protective trade devices in weak countries are caused by general depressions; and therefore the existence of such devices is a measure of the disproportionate trade difficulties which some countries encounter during a depression. The conclusion with regard to trade policy is that a disproportionate burden of a general depression can be avoided by a weak country only by the use of protective trade devices.

M. Oulès' attempt to restate international trade and finance theory in terms of cyclical fluctuations is commendable. With regard to policy, many cyclical trade problems call for measures not compatible with classical trade theory. His analysis and supporting data, however, seem inadequate at several points. Statistically some countries exporting mainly manufactured goods fared much better during the recent depression than countries exporting mainly raw materials and semi-manufactured goods. But these statistics provide no clue for the separation of domestic and foreign trade difficulties. There is, moreover, no way in which to measure the relative weakness of different countries in international trade. If the use of protective devices is to be taken as an indication of vulnerability to general depressions then practically all countries were weak countries in the post-World War period. M. Oulès, however, states that the period 1922-29 was one of general prosperity in which there was a definite tendency toward liberalism (?) in international trade policy.

CLIFFORD L. JAMES

RIBBLE, F. D. G. *State and national power over commerce.* Columbia legal stud. no. 3. (New York: Columbia Univ. Press. 1937. Pp. 278. $3.)

SETSER, V. G. *The commercial reciprocity policy of the United States, 1774-1829.* (Philadelphia: Univ. of Pennsylvania Press. 1937. Pp. xi, 305. $3.)

This is a study of American commercial policy for approximately the first half century of American history. This period was naturally a vital one in the formulation of American commercial policy and is of particular interest at this time when the commercial policy of this country is again passing through a process of important change. Moreover, the circumstances under which the

basic industries, banking, insurance, warehousing and transportation, recent development in foreign trade, and conclusion."

policy was formulated in the period under study and the circumstances prevailing today are similar in many respects.

The United States was emerging as an independent nation at that time and so had to study the interests of its commerce with a number of countries with whom it had had a different relationship while under the tutelage of one country—Great Britain. Seeking to protect and develop its commercial interests in a world committed largely to the principle of national self-sufficiency, it naturally stressed the advantages of free commerce and sought to persuade its neighbors to the desirability of "liberality" in commercial relations. It was seeking a "new deal" from countries serving their interests in a narrow way through the use of various types of regulation, frequently monopolistic and discriminatory.

There were those who counseled a policy of retaliation and commercial warfare as a means of forcing concessions and the elimination of discrimination. The new United States had no vested interests in the form of colonies and was the beneficiary of no preferential arrangements; hence, the logic of its position in seeking benefits from other countries through mutual concessions and mutual exchange. The division of opinion as to method was not unlike that prevailing today, but "liberalism" on the whole prevailed as it seems to be prevailing today. The United States has been facing since the war, conditions unlike those faced before the war and under these new conditions is being forced to reformulate its commercial policy. The Hull philosophy and the Hull trade agreements program is, and for much the same reasons, very similar to the prevailing policy of this earlier period of our history.

This book, therefore, with its careful, chronological study of the fifty-five year period from 1774 to 1829, is of vital interest not only to students of American history but also to those interested in and responsible for American commercial policy. The book follows a chronological order and is limited to the diplomatic and legislative policy of the United States government. It is carefully documented and is a definite contribution to scholarship in this field. It is to be hoped that either the author or someone else will continue the study for the later periods of American history.

Henry F. Grady

Van Cleef, E. *Trade centers and trade routes.* (New York: Appleton-Century. 1937. Pp. 323. $3.50.)

Viner, J. *Studies in the theory of international trade.* (New York: Harper. 1937. Pp. xv, 650. $4.50.)

Japanese trade and industry, present and future. By Mitsubishi Economic Research Bureau. (London: Macmillan. 1936. Pp. xviii, 663. 21s.)

This is the best book of reference on the subject; its purpose is carried out with a degree of objectivity rarely seen. The Bureau is one of the well established private institutions of Japan interested in economic problems of Japan and foreign countries, and is directed by a well known economist, T. Nagaoka. The present study first appeared in 1935 (in Japanese), and was translated into English in May, 1936, with the contents brought to date. Attention is focused on the period of 1931-1935.

The book is divided into seven parts, dealing with "recent economic developments of Japan, backgrounds of the development of trade and industry,

tration, labor provisions, trade practices, and legal aspects. Then a com-

basic industries, banking, insurance, warehousing and transportation, recent development in foreign trade, and conclusion."

During the past few years there has been "a substantial excess of exports to countries with liberal trade policies and new markets, while imports generally exceeded exports in trade with countries adhering to protective policies and import restrictions. This situation finally led to the enactment of the Trade Protection law, which was recently invoked for the first time against Canada" (p. 616).

The worst years of depression were 1930 and 1931; "industrial development in the following years was extremely rapid, the progress achieved in 1934 and 1935 being perhaps the most remarkable in the history of the country." Essential factors in this development were "currency depreciation, a vast increase in government expenditure, and a scale of wages which, in spite of a mild type of inflation, has hardly risen."

Among the problems confronting Japanese economy in the future is the necessity of supporting the increasing population (p. 638), the industrialization of the country, the expansion of overseas trade and the inability of agricultural production to support the increasing population and promote a future advance in the standard of living. The supply of raw materials is another of Japan's problems; she must import them from abroad.

As to capital supply, Japan has suffered in the past from its scarcity and from high interest charges. "Although money rates have gradually been lowered in recent years, yet the average rate on debentures during 1935 was 4.5 per cent, which is still high compared with those in Great Britain and the United States. The demand for capital is bound to increase concurrently with the expansion of population and industry. The overseas trade of Japan, in spite of its recent development, accounts for only 3.3 per cent of international trade."

Two maps are presented, one of which is an industrial map of Japan, together with several excellent charts and 497 statistical tables of value. There is no bibliography in the book, but a list of 133 statistical publications (mostly in Japanese) is given on pages 641-645, which contain indispensable data. Although the book is packed with statistics, it is well written in flowing English which greatly facilitates its reading.

YAMATO ICHIHASHI

Accounting, Business Methods, Investments and the Exchanges

The National Recovery Administration: Report of the President's Committee of Industrial Analysis. By JOHN M. CLARK, WILLIAM H. DAVIS, GEORGE M. HARRISON and GEORGE H. MEAD. (Washington: Committee of Industrial Analysis. 1937. Pp. x, 240.)

When the Supreme Court outlawed the NRA, part of its staff became a Division of Review, which prepared 154 reports on the experience. This was succeeded in April, 1936, by a smaller Division of Industrial Economics, which completed five summary reports—on pre-NRA background, adminis-

tration, labor provisions, trade practices, and legal aspects. Then a committee consisting of four (an academic, legal, labor and employer member) wrote this summary of summaries. With its monotonous format, abstract language, and 90 pages on administrative problems, it is not entertaining reading. But it contains the final official word on the NRA, of which it furnishes a topically comprehensive, concise analysis.

The final chapter summarizes. Shorter hours brightened the lives of the workers, and reëmployed two million men between June and October, 1933. The lowest paid received the largest wage increases, and total payrolls expanded. The worker's gain was "at least partly neutralized by increasing prices"; but the effect of NRA on prices cannot be isolated. Child labor and home work were diminished. Human rights were advanced in the field of collective bargaining.

Some hard-pressed industries were helped. Minimum prices proved unworkable except in controlling brief price wars and retail loss leaders. Limitation of output often had undesired results. Admittedly unethical trade practices were better policed than before. Self-regulation of industry was a mistake—*i.e.,* disciplinary powers should not have been entrusted to code authorities. Administration broke down due to covering too much ground too fast.

These conclusions seem to be well taken. The authors throughout have done a good job of reconciling four viewpoints (alike, however, in favoring greater public control of labor conditions and business) without more omissions and ambiguities. Naturally each reader will differ at many points. Comment here must be confined to three issues which are likely to arise again.

Codes were most successful in strong industries which needed them least and least successful in scattered, disorganized industries which needed them most (p. 229). Not all industries, but only a few, should be coded again (p. 237). Which group?

The Committee thinks NRA may have aided recovery by increasing business confidence (pp. 225-226). There must have been some better formula abroad, since wages were nowhere increased, and yet recovery (except in the gold bloc) outstripped ours until 1935. If the Committee is right that statistics are inconclusive here, reëmployment might after all have been steadier and broader without NRA, even if not immediately as swift. Certainly there is nothing in this report to convert doubters to the high hourly wage theory of creating purchasing power or the shorter hour theory of creating employment. Nor is any claim made that the average worker would prefer his life to be brightened by more leisure than by more income.

The conclusions on wages are interesting. One who is used to the

language of committee reports can read a defense of geographic differentials in the demand for "constructive treatment which will not violently disrupt production" (p. 236). The authors advocate a minimum wage law, but would watch for the dangers that it might cause displacement of workers, a rise in prices, or bankruptcy of industries (p. 236). Did the economists who opposed the minimum wage ever claim more?

S. N. WHITNEY

New York City

The Recovery Problem in the United States. (Washington: Brookings Inst. 1936. Pp. xiv, 709. $4.00.)

This is a broad narrative, statistical, and analytical survey of the events of recent years, pointing up to recommendations for promoting recovery. Among the authors are Charles O. Hardy (credit), Maurice Leven (wages and employment), Malcolm Merriam (government finance), Leo Pasvolsky (international relations) and Harold G. Moulton (general).

The first five chapters, under the heading "The sweep of world events," describe the maladjustments in world economics before 1929, the progress of the depression, and the efforts toward reconstruction. Useful appendices give the coverage, weighting and sources of the production indexes of 23 countries, and list the measures, 15 to 50 in number, adopted to combat the crisis by 14 governments.

The rest of the book deals with the United States, one or two chapters covering each aspect of the economy. Although containing little that is new to the economist who follows national affairs, these discussions collect the pertinent statistics and give rounded, easily read accounts. The chapter on interest rates deserves special mention, although one may question the assumption on its first page that high labor costs are of course unrelated to recession or low ones to recovery. The lengthiest statistical study is that on unemployment. If there were 11,600,000 unemployed in 1936 (p. 135), and 1,919,000 "constructively unemployed" due to shorter hours (p. 620), "equivalent full-time unemployment" must have more than 12,500,000 (p. 626). In any event, figures appearing since publication make advisable downward revision of these unemployment estimates. How to absorb the idle appears from the calculation (by George Terborgh) of the accumulated deficit in durable goods; to fill it would require a $33 billion production of durable goods annually from 1937 through 1941, as compared to an actual production of $25 billion from 1925 through 1929.

In general the issues on which economists divide are not debated; the discussion is on a more popular level, intended to "limit the area of doubt" (p. 453). The practical suggestions which grow out of such a treatment (pp. 541-542)—a balanced budget, stable money, reciprocal trade agree-

ments, wages up or constant with prices constant or down, no reduction in working hours, no restriction of output—are likely to disappoint the reader who has been led by the title and size of the book to expect new ground to be broken on the means to prosperity. Unfortunately the intimation that wages can rise too fast may be overlooked by some in the emphasis laid on the theorem that a rising wage-price ratio is "favorable." To say that the "substantial reductions in trade barriers which are being effected are reopening the channels of international trade" (p. 503) stretches the achievements of Secretary Hull's policy to date. In 1937 the recommendation of "a fixed price of gold" requires a statement of whether that price must be $35 an ounce. The suggestions for balancing the budget—elimination of "extravagant outlays" and "more economical administration of essential relief" (p. 481)—are good, but vague. The proposed cut of WPA and CCC to $659,000,000 a year needs explanation.

The light shed by this book may not pierce into the dark corners, but a solid background to current issues is welcome. Perhaps by avoiding controversies it will more easily persuade the general reader of the value of the broad truths it does recommend. The name of Brookings carries weight, and one hopes that this book has reached some of those in authority.

S. N. Whitney

New York City

NEW BOOKS

Arndt, E. H. D. *An analysis of the investment policies of life insurance companies in the Union of South Africa: the need for more constructive legislation.* (Pretoria: Univ. of Pretoria. 1937. Pp. 50. 2s.)

Baker, J. C. *The compensation of executive officers of retail companies, 1928-1935.* Bus. res. stud. no. 17. (Boston: Harvard Univ. Bur. of Bus. Res. 1937. Pp. vi, 34. $1.)

Beckman, T. N. and Engle, N. H. *Wholesaling: principles and practice.* (New York: Ronald. 1937. Pp. xvii, 628. $4.)

The authors have with evidence of much painstaking work prepared a scholarly and comprehensive treatment of the field of wholesaling. They define the field broadly, including in it practically all marketing activities aside from the operation of retail stores. Although they offer plausible arguments for their definition, many economists interested in marketing will undoubtedly continue to use narrower conceptions of the term.

The book is divided into five sections, titled as follows: "The nature and evolution of wholesaling"; "Modern wholesaling systems"; "Operation and management of a wholesale business"; "Special economic aspects of wholesaling"; "Trends in wholesaling." Particularly interesting to the economist are chapter 5, which discusses the viewpoints of various economists on wholesaling; chapter 22, which describes the process by which prices are made in the wholesale market; and chapter 26, in which the authors discuss their ideas on economic planning.

"There are two alternative possibilities for implementing an economic plan. The first and most commonly conceived method is to substitute complete governmental control for private initiative. . . . The second alternative is a compromise method, which submits that it is possible to retain some of the advantages of the competitive system by extending state control only to the elimination of those elements of the present system which have become subversive."

The authors, enthusiastic economic planners, favor the second alternative. However they, like most others who share their views, fail to define precisely where they would have government control leave off. They envisage a comprehensive program of marketing research to define consumer requirements and to set standards of efficiency for marketing operations. They contemplate "legislation limiting the various types of producing, wholesaling, and retailing agencies to the number and capacity indicated as necessary for the most economic use of the nation's resources by impartial marketing analysis."

The book affords a thorough, well-documented, and much needed text in a field which the reviewer agrees with the authors has been sadly neglected by both writers on marketing subjects and economic theorists.

R. F. Elder

Bosland, C. C. *The common stock theory of investment: its development and significance.* (New York: Ronald. 1937. Pp. ix, 154. $2.50.)

Since the publication in 1924 of Edgar Lawrence Smith's *Common Stocks as Long-Time Investments,* students of the stock market have debated the relative merits of bonds and common stocks as instruments of capital placement. Various studies since that time have added considerably to the evidence presented by Smith, but many proponents of bonds have remained wholly unconvinced. At first the Smith theory gained wide acceptance; but, after 1929, there was all but complete popular repudiation. Recently R. G. Rodkey and others have attempted to apply tests to depression experience. A rather long list of studies has remained in monograph form; and, until now, there has been but little attempt to collect and weigh the evidence.

Such is the task Mr. Bosland has set for himself in the *Common Stock Theory of Investment.* It presents with great clearness summary accounts of the more important investigations in this field and in each case gives method and basic assumptions. Special attention is paid to studies bearing on the performance of stocks since 1929. Factors causing growth in common stock values are subjected to considerable analysis. To the reviewer perhaps the most interesting chapter is the one dealing with present investment policy, particularly with reference to the implications of slow population growth and industrial maturity. Much of the pessimism about the ability of American industry to adjust itself to a regime based on something other than exploitation of new land and unbounded resources is considered to be without adequate foundation. Space does not permit summary of the factual studies but only tabulation of some of the conclusions, many of which are of limited value because of questionable sampling and fragmentary data. Before the beginning of the depression both industry and population were showing a decreasing rate of growth; but corporate profits showed no conclusive evidence of deterioration. Taking all the available data, the author concludes, "In the absence of overwhelming difficulties of a political nature, it would seem entirely reasonable for the investor,

who is in position to tie up his funds for a fairly long period of time, to expect to gain in the future by taking advantage of the long-time upward trend in the value of common stocks of representative corporations in leading American industries." But he is not unaware of the power of modern governments to delay or deflect the operation of economic law by efforts to avoid the acceptance of unpleasant penalties for economic misdeeds.

J. Ray Cable

Brower, F. B. *Personnel practices governing factory and office administration.* Stud. no. 233. (New York: National Ind. Conference Bd. 1937. Pp. xii, 134. $3.)

Treats of practices dealing with attendance, tardiness, holidays, payment for over-time, application blanks, discharges and plant privileges. Practices governing wage-earners and salaried employees are distinguished.

Burrows, R. *The problems and practice of economic planning.* (London: P. S. King. 1937. Pp. ix, 280. 10s. 6d.)

This book is one of the forerunners of a large number of its particular kind that are certain to appear during the next few years. Using the tools and concepts of the orthodox economist, the author proceeds to analyze the growth in governmental controls over economic forces and policies; to show why this trend has developed; to describe the forms in which it has appeared in various countries; and to present conclusions based on these observations.

Part 1 deals with planning in theory, tracing the changes from the competitive economy through the various modifications of competition (coöperation, monopoly and government regulation) to wholesale planning. This section includes an interesting study of the functions of money and credit in a controlled economy. Part 2 is on planning in practice. Well over a third is devoted to economic controls in Great Britain indicating that the problems, now being hastily attacked in the form of elaborate programs in some countries, emerged earlier in Great Britain where they have been attacked piecemeal over a long period. The remainder of this section is a series of brief surveys of economic planning in other countries. Part 3 contains a short statement of tentative conclusions.

One must not expect to find a detailed analysis of the abstract problems of economic theory as related to the problems of planning in a single book covering a wide range of subject matter (the chapter on "Plans in brief," for example, treats of Sweden, Japan, Germany and Belgium in about three pages each). It is rather a highly condensed commentary on some of the essential features of this analysis.

The author is severely critical of the various systems of economic control that have developed to date, but nevertheless comes to the conclusion that economic controls are necessary if we are to find the way out of our present dilemma. He does not offer a program, or even the hope of an ideal solution, but thinks in terms of an effective compromise between individual and collective interests with the proviso that in event of a serious clash, group interests should prevail. In closing, he rightly emphasizes the importance of international agreement, and the necessity for integrity, intelligence and the will to coöperate as the indispensable requisites for the success of any planned order.

James H. Shoemaker

DOUGALL, H. E. and DAUER, E. A. *One hundred short problems in corporation finance.* (New York: Ronald. 1937. Pp. 78. 75c.)

FORREST, J. G., compiler. *Financial news: how to read and interpret it.* (New York: N. Y. Times. 1937. Pp. 52. 25c.)

FOSTER, O. D. *Profits from the stock market.* (New York: Harper. 1937. Pp. xi, 207. $3.)

Written by a stock-market operator. Presents elementary information with special reference to the influence of the business cycle on stock-market activities.

GRANGE, W. J., assisted by QUAT, J. *Real estate: a practical guide to ownership, transfer, mortgaging, and leasing of real property.* (New York: Ronald. 1937. Pp. xvi, 541. $5.)

GREEN, H. W. *Real property inventory of the Cleveland metropolitan district.* (Cleveland: Real Property Inventory of Metropolitan Cleveland. 1936. Pp. xii, 401.)

HANDLER, M. *Cases and other materials on trade regulation.* (Chicago: Foundation Press. 1937. Pp. xxxv, 1288. $7.)

A collection of cases by a law professor of Columbia University, with extracts from economic writers and abundant annotations. Material is arranged in chapters under the following headings: government and business, the emergence of the competitive system, contracts in restraint of trade, combinations in restraint of trade at common law, the Sherman Anti-Trust act, trade-marks and trade names, regulation of advertising and other instruments of demand creation, appropriation of competitor's trade values, misrepresentation of competitor's products, predatory practices, interference with trade relations by boycott, inducing breach of competitor's contracts, resale price maintenance, exclusive dealing arrangements and tying agreements, price discrimination, industrial disorganization and social control.

Appendices reprint the Sherman act, the Federal Trade Commission act, the Clayton act, the National Industrial Recovery act, and the Robinson-Patman act.

JOHNSON, A. W. *Principles of accounting.* (New York: Farrar and Rinehart. 1937. Pp. 701. $4.)

KENNEDY, W. F. *The objective rate plan for reducing the price of residential electricity.* (New York: Columbia Univ. Press. 1937. Pp. 83. $1.25.)

A factual study based on the experience of the Alabama Power Company, which introduced the first objective rate plan for residential electric service on October 1, 1933, and of other subsidiary companies of the Commonwealth and Southern Corporation. Since then, 56 other electric companies in 33 states have adopted residential schedules based on the principles of this plan.

KETCHUM, M. D. *The fixed investment trust.* (Chicago: Univ. of Chicago School of Business. 1937. Pp. xi, 85. $1.)

LACROSSE, H. T. *Retail credit survey, 1936.* Domestic commerce ser. no. 98. (Washington: Supt. Docs. 1937. Pp. v, 88. 10c.)

LANGSTON, L. H. *Bank accounting practice.* (New York: Ronald. 1937. Pp. xiii, 532. $5.)

LARRABEE, C. B. and MARKS, H. W. *Check lists of advertising, selling and merchandising essentials.* (New York: McGraw-Hill. 1937. Pp. 411. $3.50.)

LINDSAY, M. M. *Probate accounting.* (Boston: Bentley School of Accounting and Finance. 1936. Pp. 145.)

MacKenzie, F., editor. *Planned society: yesterday, today, tomorrow. A symposium by thirty-five economists, sociologists and statesmen.* (New York: Prentice-Hall. 1937. Pp. xxvii, 989. $3.75.)

Marceron, L. W. and Judkins, C. *Selected trade associations of the United States: 1937 edition. National and interstate.* Market res. ser. no. 1. (Washington: Bur. of Foreign and Domestic Commerce. 1937. Pp. 134. 10c.)

Melick, H. C. W. *The sale of food and drink at common law and under the Uniform Sales act.* (New York: Prentice-Hall. 1936. Pp. xiii, 346.)

O'Dea, M. *A preface to advertising.* (New York: McGraw-Hill. 1937. Pp. 229. $2.)

Odell, W. R., and others. *Business: its organization and operation.* (Boston: Ginn. 1937. Pp. 531. $1.72.)

A high-school text.

Oppenheim, S. C., editor. *Cases on trade regulation.* (St. Paul: West Pub. Co. 1936. Pp. 1570. $6.50.)

Orgel, L. *Valuation under the law of eminent domain.* (Charlottesville, Va.: Michie. 1936. Pp. xviii, 976. $12.)

Prickett, A. L. and Mikesell, R. M. *Principles of accounting.* Rev. ed. (New York: Macmillan. 1937. Pp. 567. $3.50.)

Purdy, F. *Mass-consumption: consumer initiated control of production and exchange.* (New York: Talisman Press. 1936. Pp. 219. $2.50.)

Advocacy of a plan whereby people's wants can be tabulated in advance through personal budgets which are totalized by a central agency. Bids for supplying these demands are called for; and it is argued that prices will be much lower by cutting out middlemen, thereby stimulating consumption and consequently production. Such a plan is regarded as preferable to the regimentation of production.

Saliers, E. A. and Holmes, A. W. *Basic accounting principles.* (Chicago: Business Pubs. 1937. Pp. vi, 656. $4.)

Schur, J. A. and Haskell, M. M. *Introduction to accounting procedure.* Book I. *Practical bookkeeping.* Book II. *Secretarial accounting.* Book III. *Applied accounting.* (New York: Prentice-Hall. 1936. $1.12, each.)

Scully, C. A. *The purchase of common stocks as trust investments.* (New York: Macmillan. 1937. Pp. ix, 82. $1.)

A discussion of the practices of investing trust funds. The author believes that trustees should be permitted to buy common stocks. His opinions are based upon information and comment by officers of educational institutions and endowed foundations.

Thompson, W. R. *Accounting systems: their design and installation.* (Chicago: LaSalle Extension Univ. 1936. Pp. iv, 737.)

Wells, R. G. and Perkins, J. S. *New England community statistical abstracts: industrial development data for 110 New England cities and towns.* Prepared for the Coöperating Committee on Industrial Development of the N. E. Council. (Boston: Boston Univ. Bur. of Bus. Res. 1937. Pp. 120. $2.50.)

Zahn-Golodetz, L. *L'économie planifiée en U. R. S. S. et l'économie dirigée aux Etats-Unis: étude comparative.* (Paris: Nizet et Bastard. 1937. Pp. 159.)

In this monograph the author concludes that because of its individualistic structure a capitalistic economy is unsuited for control by any authority other than economic law, and that consequently, real economic planning is utterly

inconsistent with a capitalistic regime. The Roosevelt administration attempts at a guided or directed economy are compared with the thorough-going planning and control found in Soviet Russia. The present American policy of restricting control to selected fields is criticized as faulty and certain to result in serious maladjustment in the economic system. In contrast, the soviet system is described as being logical and successful because the planning is so inclusive, and the authority and control so complete, that the operation of economic law is no longer a disturbing factor.

The book is readable, well-documented, and contains a useful bibliography. The critical reader, however, will find the treatment altogether too brief. There is a fairly detailed account of Russian economic policies since 1917, but the discussion of American experience is quite inadequate. Obviously, the guidance or direction of economic affairs in this country was not originated by the present administration, and our brief experience with the NRA and the AAA can scarcely furnish sufficient ground for the author's sweeping conclusions.

J. E. Moffat

Bibliography of reports by state and regional planning organizations. No. 1. *Reports received in the library of the National Resources Committee, January-April, 1937.* (Washington: Nat. Resources Committee. 1937. Pp. 14.)

A classification of business literature. Part 1. *Business classification.* Part 2. *Industries list.* Part 3. *Local list.* Prepared by the Library of the Harvard Univ. Grad. School of Bus. Admin. (New York: Wilson. 1937. Pp. xv, 257, 33, 58, planographed.)

Because of the inadequacy of the Library of Congress and other library classifications, there has grown the need for a more minute classification for books on business subjects. An answer to this demand has been prepared by the Library of the Harvard University Graduate School of Business Administration and made available to business libraries which are struggling with the problem of classifying and indexing the flood of literature demanding a place on their shelves.

The classification as conceived is a distinct departure from library classifications heretofore prepared. It was the purpose to create a well-rounded, self-contained classification system, extending "beyond the area which would be generally recognized as that of business, to include various related subjects, such as economics, technology, or social psychology."

The structure of the classification is built around four different elements: (a) the relation of business to other subjects; (b) the element of time; (c) the functional divisions of business activities; and (d) the relations of business to particular business institutions.

There are three parts to the classification. Part 1 is the most extensive, covering 165 pages. It classifies business functions under 19 heads, starting with generalia and general relations to government, and ending with public utilities: transportation, communication, etc. Part 2 contains an industrial list covering 17 pages, which is a comprehensive grouping of industries and services. Part 3 is an index of geographical divisions—continents, countries, states, and principal cities. Each part is supplied with an alphabetical index. With the aid of this classification, every conceivable topic pertaining to business can be accurately indexed. For example: "electric light industry in the Argentine" is given the call number 94YJ—9 indicating South America; 94 indicating Argentina; Y indicating public utilities; YJ indicating electric light and power industry.

Charles L. Jamison

The Robinson-Patman act: its history and probable meaning. (Washington: Washington Post. 1936. Pp. ix, 61.)

Capital and Capitalistic Organization

The Valuation of Property: A Treatise on the Appraisal of Property for Different Legal Purposes. By JAMES C. BONBRIGHT. Vols. I and II. (New York: McGraw-Hill. 1937. Pp. xx, 632; xi, 633-1271. $12.00.)

The two volumes cover comprehensively the valuation of property for different legal purposes. They are published under the auspices of the Columbia University Council for Research in the Social Sciences. They include generally the entire field of valuation, but omit detailed treatment of several topics to which separate monographs or articles had been devoted.[1]

Dr. Bonbright has carried through admirably a monumental job of research, for which economic and legal students, lawyers, judges, appraisers, and public administrators should be highly grateful.

The work consists of three major parts. Part 1 is devoted to concepts of value. In five chapters it presents the problem of judicial valuation and discusses concepts both from the legal and economic points of view, particularly market or exchange value, and value to the owner.

Part 2 consists of seven chapters and is devoted to methods of valuation. Although they have to do fundamentally, not with concept, but with *evidence* through which "value" may be determined, the proper method may depend upon the meaning of the particular kind of "value" sought, and at times the method itself may be determinative of the character of "value" used for a particular purpose. The methods analyzed include actual sales prices, actual or original cost, replacement cost, depreciation deduction and capitalized earning power.

Part 3, twenty chapters, considers valuation for specific legal purposes. These include damages, insurance losses, eminent domain, taxation, bankruptcy, stock watering, dissenting stockholders' suits, foreclosures, corporate reorganization, determination of income, and rate control of public utilities. Under each subject the particular valuation problems are discussed, and the principal cases are analyzed to show the attitudes and considerations which entered into the formulation of law—practically all court-made.

No review can possibly do justice to a fundamental work which covers the wide range of topics and the different intricacies of the various types of valuation. In general, however, what appears clear is the failure of the courts to define "value"; they assume mostly that it is a thing absolute and

[1] The previous monographs are: *Public Utility Valuation for Purposes of Rate Control,* by John Bauer and Nathaniel Gold, Macmillan Company, 1934; *Stock Watering: The Judicial Valuation of Property for Stock Issue Purposes,* by David L. Dodd, Columbia University Press, 1930; and *Valuation under the Law of Eminent Domain,* by Lewis Orgel, Michie Company, 1936.

invariable. Practically throughout, for all the different legal purposes, the asserted objective is to find "value" as such. Judicial discussion appears to be concerned merely with methods or evidence of "value," but the object itself is regarded as an obviously definite thing that requires no precise definition.

Actually, however, as Justice Brandeis has said, "value is a word of many meanings"; and as Justice Stone has remarked, a statute involving legal valuation "must be interpreted in the light of its purpose." The same concept cannot be practically applied to all ranges of property whose valuation must be legally determined. Since, however, the courts have avowed the orthodox principle that "value" is *value,* without precise and differentiating definition, there has been extensive verbal confusion between cases; but actually different kinds of "value" have been approved for different purposes, to meet the realities involved. There has been greater harmony in what is done than in what is said by the courts. While nominally they adhere to orthodox view, through the methods used they actually adopt different concepts for different purposes.

Dr. Bonbright, however, finds a distinct difference in attitude between judges, and he classifies them as "verbalists" and "functionalists." Both groups are actually functionalists in that they suit the kind of "value" to the particular legal purpose; but the functionalists do so avowedly while the verbalists give expression to tradition but really support the particular "value" which in their judgment is appropriate. The verbalist is presented as really an under-cover functionalist. He proceeds with the manner of orthodoxy and avoids the appearance of having given legal sanction to his own ideas of what the law should be for the particular purpose.

This interpretation goes far to explain the court decisions on "fair value" used as rate base in public utility regulation. Certainly for this purpose the concept of "value" as traditionalized by the courts is not applicable. If an orthodox concept were to be adopted for industrial properties considered as an enterprise, the fundamental basis of determining "value" would be expected "earning power." This applies readily to a business which is free to conduct its affairs and to fix the charges for its product as it pleases or can under prevalent market conditions; but manifestly it cannot be taken for the determination of a prior rate base upon which the charges for service and earning power are to be predicated. But the majority judges of the Supreme Court have ignored this differentiation and have talked as if "value" for rate making were no different from *value* for other purposes; but actually they have recognized the difference and have imposed their own ideas as the law of the land.

Here is a paramount example of under-cover functionalism which has undermined the effectiveness of regulation. By holding nominally to "value" in the orthodox sense, the majority has practically established "reproduction

cost less depreciation" as the controlling factor for the determination of rate base. This is the majority's idea of what the proper kind of "value" is for the particular purpose, as against the views of the minority represented particularly by Mr. Justice Brandeis in his opinion in the Southwestern Bell Telephone case. In sharp contrast he supported "prudent investment" as the appropriate type of "value" for rate making, against "reproduction cost" established by the majority under the guise of its being pure "value" as such. The functional objection to reproduction cost from the public standpoint appears in its lack of administrability and its stimulation of unsound financing. Its advantages to the utilities is that it enables them to circumvent regulation. Dr. Bonbright holds that if the Supreme Court

> had deliberately set out to defeat the whole purpose of regulation and to make public ownership inevitable, it could hardly have pursued this objective more effectively than by its rulings and dicta on valuation. Under the influence of these precedents, commission regulation has become so cumbersome and so ineffective that it may be said, with only slight exaggeration, to have broken down. Even the investor, on whose behalf the constitutional safeguards have been developed, has received no protection against the rebounds through inflated stock-market prices that are stimulated by the "fair value" doctrine.

If it is not too late to undo the harm of the majority rulings, reproduction cost must be abandoned and some form of prudent investment adopted, with appropriate provisions for systematic administration, protection of investors as well as consumers, and regard for other public requirements. These, however, should be matters for the legislatures and expert administrators, and not for primary determination and restriction by the courts.

In Dr. Bonbright's technical discussion it is interesting to note his admitted shift on the treatment of depreciation. In his earlier writings he took the position that full deduction should be made from cost new for depreciation to cover both physical and functional causes, if the approach to "fair value" is by way of reproduction cost of the properties. But when primary valuation starts with actual cost he had hesitated to call for corresponding deduction. In his present analysis he agrees to the propriety of the deduction in either procedure. In neither does the deduction produce "value" as such; its propriety depends upon common sense under the particular valuation and rate policy.

If clear and definite policy were once adopted through legislative action, and if then an administrable rate base were established, deduction for depreciation would be an integral part of a comprehensive system, and would be treated consistently with the charges for depreciation to operating expenses. Under present conditions, however, the entire valuation set-up is beyond regular administrative action. Where in any case, therefore, the rate base is to be determined, certainly depreciation should be deducted from

cost new. This conforms to the law as decided, and in this respect at least makes common sense. Old and relatively obsolete plant and equipment could not sensibly have the same rate base "value" as new and modern units, whether initial pricing is at reproduction cost or actual cost of installation. But with avowed and real functionalism, the entire set-up of valuation would be determined in accordance with the objectives of regulation, including the requirements of regular administration, financial stability, availability of new capital, and other long-run considerations.

Dr. Bonbright presents a vivid picture of the floundering, strains and maneuvers of the courts in dealing with greatly varying circumstances under which property valuations are considered and the appearance of uniformity of concept is to be maintained. The consequence to public utility regulation has been particularly calamitous, and is regarded by Dr. Bonbright as one of the major tragedies of American jurisprudence. Although doubtless there has been certain deliberateness in the public utility field, an important difficulty has obviously been the inexpertness of the courts, the lack of grasp by individual judges of what is involved both as to "values" and purposes. When one considers, first, what legal training mostly is throughout the country, second how judges are elected or selected, and third how incidentally valuation cases arise as only minor phases of court activities, he must wonder that there has not been greater confusion and that so much common sense has really emerged.

To get an adequate realization of the entire situation, one must have regard also for legislation or the policy-making part of government, and for the administrative bodies intended to carry out the purposes of legislation. One's criticism of the courts might be moderated considerably in view of the character of legislation, with its frequent obscurity and lack of clearness as to purpose. One's judgment would be tempered further when he regards the administrative organizations which are provided to carry out unclear legislative purposes and which are often dominated by considerations other than public objectives. These observations apply particularly to public utility regulation, and they are probably pertinent also to the other fields of judicial decisions covered so excellently by Dr. Bonbright.

JOHN BAUER

New York City

Big Business: Its Growth and Its Place. Edited by ALFRED L. BERNHEIM and Others. Prepared under the Auspices of the Corporation Survey Committee of the Twentieth Century Fund. (New York: Twentieth Century Fund. 1937. Pp. xv, 102. $1.35.)

This slight volume of barely 100 pages is a compact summary of available statistical data revealing the development and, more particularly, the

present stature of the giant corporations in American business. It is marked by evidence of painstaking industry and good judgment in the selection of source material. It is equally distinguished by rigorous objectivity and keen awareness of limitations in the treatment of this material.

There is no attempt to appraise the significance of the facts disclosed, or to solve any "problems" they may suggest. The Survey Committee in its foreword promises to make suggestions in these directions after publishing other factual studies of which this volume is announced as the first of the series.

Of the 25 tables presented in the text, 14 are derived directly or indirectly from the Bureau of Internal Revenue's *Statistics of Income,* and most of the remainder from census reports. Five charts serve graphically to illuminate some of the tabulated data. Both the tables and charts are expertly constructed.

The findings from this survey are not startling only because they are not new. The inclusion of data from *Statistics of Income, 1933,* serves only further to substantiate the findings of earlier surveys in this field. It is not necessary here to summarize the conclusions; but one or two of the outstanding merits and incidental shortcomings of the study may be noted. The important distinction between size of plant and size of enterprise, or between industrial concentration and business elephantiasis, as Veblen might have put it, is emphasized. This phase of the study was greatly facilitated by a series of special tabulations made for the purpose by the Bureau of the Census, showing certain data upon structure and operations of "plural-unit enterprises" in 84 selected industries (pp. 41 *et seq.*).

Despite the general care taken in the interpretation of the material assembled, *e.g.,* in defining "largeness" (p. 22) and observing the great variation in significance of a given "size" of plant or enterprise according to the characteristics of the industry in which it operates (pp. 22, 43), there is lacking any definition of an "industry." Moreover, there is no definition of "industrial combination" (*cf.* pp. 27, 34), or of "common ownership" (*cf.* pp. 35, 41). This last omission is particularly unfortunate as it affects seriously the interpretation of the specially provided data on 84 selected industries mentioned above. If the figures for "plural unit enterprises" cover only plants directly owned by the "central office" organization, they might well show very different facts from a survey based upon "consolidated returns" to the Bureau of Internal Revenue, eligibility to file which is confined not only to organizations having plants connected through stock ownership, but to those which own 95 per cent of the stock of the subsidiary corporations included in the consolidated return (*cf.* p. 76 *et seq.*) The results might be still more incomparable, of course, were "plural-unit enterprise" so defined as to encompass all plants the opera-

tion of which was effectively controlled, whether through stock-ownership, joint-ownership, lease, or otherwise by a single business management or directorate.

On the whole, however, this is a competent study, and the Twentieth Century Fund is to be commended for initiating it, the Corporation Survey Committee for sponsoring its publication, and the editors and research directors for their faithfulness to high standards of scholarship in preparing it.

MYRON W. WATKINS

New York University

Rulers of America: a Study of Finance Capital. By ANNA ROCHESTER. (New York: International Pubs. 1936. Pp. 367. $3.50.)

The Middle Classes Then and Now. By FRANKLIN C. PALM. (New York: Macmillan. 1936. Pp. xiv, 421. $3.50.)

Each of these books is based on the work of Marx and Engels. Palm says that "perhaps the first volume purporting to give a history of the middle classes was a book published in 1833 by an English journalist and muckraker, John Wade." But "in the light of our present knowledge on this topic . . . a satisfactory study of the middle classes was not possible until Marx and Engels wrote their works." He adds the article on the middle class written by Alfred Mensuel for the *Encyclopedia of the Social Sciences.*

Rochester says that "the present book is based on the economic and political teachings of Marx as developed for the imperialist era by Lenin." She adapts for the United States the basic argument presented by Lenin in his *Imperialism; the Highest Stage of Capitalism.*

The two books close with Marxian "ideology." Rochester says, (306):

> Obviously Amerian capitalism is not yet in a stage of revolutionary crisis. The rulers are as yet secure in their power. But present trends foreshadow a revolutionary crisis at some future date. When this moment arrives, the outcome will be decisive for a long future of world history. It will depend on the tried solidarity of the working class and its allies among the other strata of the oppressed population, and on the clear thinking and unity of action among those who desire the overthrow of capitalism.

Palm retains a lingering hope for the disappearing middle class (409):

> The old picture of the original Babbit, symbolized by Louis Philippe . . . must disappear. In its place must be substituted the portrait of a young man, possessing the trim build of an athlete; the eager willingness to work, produce, and share and the sharp mentality of a scholar. Such a transformation, however, will be slow. While most middle-class men realize that they are living in an era of change and that somehow they are out of step with the march of time, they fail to change their gait. Clinging desperately to the solid bourgeois virtues, especially the faith in liberty, they fear to look either to the right or to the

left. Bewildered, stubborn and resentful, they stumble on. Whither, Bourgeoisie . . ?

The authors agree on the split in the middle class caused by modern technology and finance. Palm says:

> Today the only successful rugged individualists are the heads of Big Business. Liberty, equality, and opportunity are simply ideals to the average man. Even the economic security, formerly enjoyed by the upper salaried classes and the thrifty bourgeois investors, no longer exists. . . . The cold, materialistic, and unfeeling encroachment of money has erected a barrier in the relationships of mankind.

Rochester's moneyed rulers are Morgan, Rockefeller, Mellon and their allies. Her book is packed with statistics of the corporation affiliates and groups, brought out by investigations of the past twenty years, "roughly comparable," she says, to the list in Berle and Means, *The Modern Corporation and Private Property*. Palm's book is an interesting descriptive and literary history of "self-made," middle-class men from Babylonia and Egypt to the New Deal.

JOHN R. COMMONS

University of Wisconsin

NEW BOOKS

CROMWELL, J. H. R. and CZERWONKY, H. E. *In defense of capitalism: an explanation of the functioning of our capitalistic system of today and of specific measures which would correct its defects. Written for business men.* (New York: Scribner's. 1937. Pp. xvii, 373. $3.50.)

FARIS, B. A. *Electric power in Syria and Palestine.* Pubs. of the Am. Univ. of Beirut, soc. sci, ser., no. 9. (Beirut, Syria: American Press. Washington: Smithsonian Inst. 1936. Pp. xx, 367. 8s. 6d.)

This is a detailed and carefully documented account of foreign, monopolistic exploitation of electricity supply in an economy characterized by primitive agriculture, small-scale industry, meager resources and mass poverty. Rates are excessive, service poor and usage limited; most of the people use cheaper substitutes, principally kerosene for domestic purposes, and most industrial establishments produce their own power. The companies, protected by mandate governments in the exploitation of their concessions, refuse to reduce their rates or to organize their markets efficiently. Available financial data, in most instances, indicate excessive profits. Public relations are bad; there is continuous agitation against the companies on account of exhorbitant rates and poor service. Organized boycotts are invoked frequently; they curtail profits temporarily but seem to exercise little influence on long-run policies. The author recommends that rates be lowered to a competitive level, that service be improved, that potential markets be cultivated, and that available water power be developed. He fails to explain how these desirable objectives can be attained as long as mass poverty, private monopoly and the mandate system of government continue.

HORACE M. GRAY

HOLLERAN, O. C. *Basic industrial markets in the United States: gas and electric utilities.* Market res. ser. no. 14.3. (Washington: Bur. of Foreign and Domestic Commerce. 1937. Pp. 157. 10c.)

JOHNSEN, J. E., compiler. *Government ownership of electric utilities.* (New York: Wilson. 1936. Pp. 329.)

"Supplements an earlier volume of the same series, compiled by James G. Hodgson, entitled *Government ownership of public utilities,* published in August, 1934, and also three volumes of *University debaters' annual,* edited by Edith M. Phelps."

PAGE, R. *Primer of electric service costs: information for the use of public utility employees in dealing with the public.* (New York: Harper. 1937. Pp. 94. $1.)

Author is general manager and vice-president of the Nebraska Power Company. Explains costs and their relation to rates; wages, depreciation and taxes and their effect on rates; utility financing; comparison of private and municipal rates.

WELCH, F. X., and others, editors. *Cases on public utility regulation, with supplemental notes.* 2nd ed. (Washington: Public Utilities Reports. 1936. Pp. xviii, 959.)

National Association of Railroad and Utilities Commissioners: proceedings of the forty-eighth annual convention, held at Atlantic City, N.J., November 10-13, 1936. (New York: State Law Reporting Co. 1937. Pp. 565. $6.)

Labor and Labor Organizations

Compensating Industrial Effort: A Scientific Study of Work and Wages. By Z. CLARK DICKINSON. (New York: Ronald. 1937. Pp. xii, 479. $4.50.)

This study deals broadly with problems of wage determination and of incentives. The plan of the author includes a comprehensive statement of the facts, principles and research methods applicable to wage determination, and their correlation with "things that have been learned in the fields of economics, personnel and general management, and industrial psychology." Considerable data from statistical studies available in the field are utilized in the development of the vast plan. There is a fundamental need for occasional integration of the thinking on the subject of wage determination in order that advances in particular fields may be consolidated, and so that there may be a reappraisal of the general problem. Such a contribution is made by this study.

The emphasis placed upon the possibility of statistical treatment of most of the phases of the subject is notable. Though human affairs defy measurement and prediction, quantitative measurement is shown to be applicable to many aspects of wage determination. Of particular significance is the chapter devoted to an evaluation of the efficacy of contrasting methods of wage payment. Four statistical investigations, made by other students of

the problem, are analyzed as a means of appraisal of different wage payment methods. While these cases do not offer unequivocal evidence, it is tentatively concluded that "the maximum stimulation is given to the ordinary manual worker . . . when his guaranteed base rate or salary does not exceed 80 per cent of his total earnings."

In a study covering such a wide scope as the present one, there are obvious limits to the depth of treatment that can be given to particular phases of the subject. Even with this in mind, it still appears that the consideration of the relation of collective bargaining to wage determination and incentives leaves much to be desired. This may be the expected result of an emphasis upon the point of view of an individual plant. On the other hand, the current use of collective bargaining to an increasing extent involves a considerable revision of the procedures that can be followed in determining wages and in developing incentives. For the present at least, in many industries wage determination is transformed into wage bargaining. Because of the growing importance of this development, it seems that general surveys of the wage determination problem can no longer dismiss labor unions by concluding that they cannot raise the general level of wages anyway. Union objectives such as uniform industry wage policies or so-called industrial stabilization plans have far-reaching influences upon collective bargains at a particular plant, whether or not such objectives can possibly be attained. It would appear that a comprehensive survey of wage determination should recognize such factors.

For an individual concern, Professor Dickinson suggests attention to four essentials in the development of its wage policy: (1) measurement of the employees' accomplishment or achievement; (2) development of a standard task time or time allowance; (3) determination of a base rate or a time rate, and (4) setting a formula by which foregoing items are combined to determine earnings for any pay period. The crucial point in the program is, of course, the determination of the base hourly rate. In analyzing this factor, there is need for most comprehensive treatment. One cannot base a policy on the suggestion that, "equipped with more exact knowledge as to what our people are doing, in addition to their mere job names, we may sally out and inquire what is the market or going rate for specified performance within each of our occupations." While the study recognizes the many practical difficulties in determining a going rate of wages for a particular occupation, it does not suggest the factors that cause or influence changes in the going rate. Attention to the wage determination problem must, in an operating concern, be developed as a series of changes of existing wages. It does not seem sufficient merely to utilize comparison with market rates as the sole procedure to be followed in deciding upon the base rate. There is a need for intensive research, not only as respects market wage quotations as suggested, but concerning a pro-

cedure by which wage standards can be more objectively appraised. Perhaps comparative labor cost elements are of much greater significance in wage setting than attention to prevailing hourly rates.

GEORGE W. TAYLOR

University of Pennsylvania

NEW BOOKS

ANDERSON, B. M. *Technological progress, the stability of business, and the interests of labor.* Chase econ. bull., vol. xviii, no. 2. (New York: Chase Nat. Bank. 1937. Pp. 35.)

BUNDY, R. D. *Collective bargaining.* (New York: National Foremen's Inst. 1937. Pp. 43. $1.)

Analyzes the problem of collective bargaining and suggests a procedure.

CARNES, C. *John L. Lewis: leader of labor.* (New York: Speller Pub. Corp. 1936. Pp. 331.)

DOUTY, H. M. *Wage and hour legislation for the South.* Southern policy papers no. 9. (Chapel Hill: Univ. of North Carolina Press. 1937. Pp. 26. 15c.)

FELDMAN, H. *Problems in labor relations: a case book presenting some major issues in the relations of labor, capital and government.* (New York: Macmillan. 1937. Pp. xxxix, 353. $2.75; textbook ed., $2.)

GAGLIARDO, D. *The Kansas labor market, with special reference to unemployment compensation.* Humanistic stud., vol. vi, no. 1. (Lawrence: Univ. of Kansas. 1937. Pp. 71. $1.)

A statistical study of the labor market as a basis of an efficient administration of the unemployment compensation law. For this purpose Professor Gagliardo of the University of Kansas collected data by interviews and official reports relating to wages, seasonal and part-time labor, turnover, migration and unemployment.

HARDY, M. *The influence of organized labor on the foreign policy of the United States.* (Liège: Vaillant-Carmanne. 1936. Pp. viii, 270.)

HOPWOOD, J. O. *Salaries, wages and labor relations.* (New York: Ronald. 1937. Pp. ix, 124. $2.50.)

In this short book the author, a director of employment, sets forth his views of payroll administration as a systematic plan of enterprise—income distribution among employees.

In modern industry, he contends, salary- and wage-earners participate collectively in organized production and their participation is as individuals and not as classes. Persons changing jobs and obtaining advancement do so more frequently through internal adjustments and promotions on the basis of individual qualifications than by shifting to other employers through the open market. Systematic wage and salary policies are therefore vital to the welfare of both the employees and the enterprise. In the administrative control of compensation, market rates of pay, in so far as they exist, should not be used; instead administratively determined plans and standards for the equitable payment of employees must be followed. The equitable distribution of enterprise-income is viewed as depending upon equal pay for equal work, equitable differences within the enterprise, sharing in income according to the

contribution to the work of the whole, and a standard of compensation commensurate with the prosperity of the enterprise.

The procedures for formulating these meritorious plans and standards are (1) job analysis to determine the grades and types of work to be performed, (2) job evaluation to determine the gradations and relative importance of jobs, and (3) the establishment of compensation standards in terms of maxima and minima for each. The author is inclined to be vague in discussing the specific criteria by which the contributions of individual employees to the jointly produced whole are to be determined and the plan of equitable sharing formulated. Here is the crux of the problem.

While there is obviously merit in the thesis, especially for white-collar workers, the independence of actual rates of pay from such "market rates" as there are is less real than the author seems to realize. The broad extent to which salaries and wages are subject to administrative control within the enterprise requires the formulation of more intelligent employment policies. To those interested in this field the book will be found suggestive and worthy of examination. ROBERT D. CALKINS

JOHNSEN, J. E., compiler. *Industrial versus craft unionism.* Reference shelf, vol. 11, no. 3. (New York: Wilson. 1937. Pp. 320. 90c.)

Of special interest at the present time. Like other volumes in the "reference shelf," it presents reprints, a bibliography and arguments.

KEIR, M. *Labor's search for more.* (New York: Ronald. 1937. Pp. xii, 527. $3.50.)

This is a labor textbook, based largely on history from 1896 to 1929, but it has a new and special value. Beginning at chapter 15 it takes up what has been neglected by labor historians in general, and gives two chapters on the southern workers and one on the negro. Another emphasis is on strikes rather than organization. The book was completed before the NRA and CIO and interpretation plays a minor rôle. It is not enough to say that wage earners have sought "more." This was true of Samuel Gompers but even then it developed as "more now" in opposition to the socialist philosophy of long-range general objectives.

In a brief and formal treatment the author runs through hours, wages and conditions; a descriptive section on strikes; employers' methods of dealing with labor; legislation and the Supreme Court—important decisions; labor and politics. The "Red Farmers" though not so "Red" are treated from 1896 until 1923. The socialists follow, and the IWW and the communists.

Beginning with chapter 15 new and interesting material is introduced. The author evidently knows the South. He discusses share-cropping, corporate enterprise, the disappearance of the plantation. He tells something of the cotton industry, of tobacco farming, casual labor, railroads, coal mining, negro and boss relations, attempts at organizing and failure.

The wood industries are given unusual attention along with southern cotton and tobacco manufacture. It is here that a relatively new field of labor exploitation is revealed, and some attention is given to the iron and steel industry of Alabama.

Under the rather misleading title, "The martyrs," five well known trials are briefly treated: Moyer, Pettibone and Haywood, the *Los Angeles Times* affair, the Mooney-Billings case, Debs, and Sacco and Vanzetti.

The last chapter is devoted to negro labor on farms, as landowners, in domestic service and industry and the usual refusal in one way or another of union membership to colored workers. There is some discussion too of the new negro in business, professions, arts and the growing political power of the race.

NORMAN J. WARE

KRUSE, A *Technischer Fortschritt und Arbeitslosigkeit.* (Munich: Duncker und Humblot. 1936. Pp. 82. RM. 3.80.)

Largely with the use of graphical presentations, Dr. Kruse attempts an answer to the question: What effects do technological improvements have upon employment? As is well known, some people say that technological improvements cause permanent or long-run unemployment; others say the unemployment is temporary in character. In the main, Dr. Kruse, a student of Professor Adolf Weber, agrees with the second group. A valuable addition to his study is a brief, taxonomic catalogue of the German literature on the subject.

K. R. B.

LORWIN, L. L. *The world textile conference.* World affairs book no. 19. (New York: Nat. Peace Conference. 1937. Pp. 47. 75c.)

LOVETT, R. M. *A G. M. stockholder visits Flint.* Reprinted from *The Nation,* January 30, 1937. (New York: League for Industrial Democracy. 1937. Pp. 8.)

MCCALEB, W. F. *Brotherhood of railroad trainmen, with special reference to the life of Alexander F. Whitney.* (New York: Boni. 1936. Pp. xvi, 273.)

MORTON, N. W. *Individual diagnosis: a manual for the employment office.* McGill soc. res. ser. (New York: Oxford Univ. Press. 1937. Pp. xvii, 123. $1.75.)

RIEGEL, J. W. *Wage determination.* (Ann Arbor: Univ. of Michigan Bur. of Industrial Relations. 1937. Pp. v, 138.)

An interesting and suggestive report based on conferences with over 60 representative firms. Owing to increasing use of specialized tools, the old occupational names have often become meaningless, and the classification of occupations has become more complicated. The report discusses the factors of this problem in chapters on determination of standard wage rates for key jobs, occupation analysis, valuation of services, construction of wage scales, and rating plans.

RUBENSTEIN, B. J. *Handbook on Massachusetts labor law.* (Boston: Excelsior Press. 1936. Pp. 117.)

SCHMIDT, E. P. *Industrial relations in urban transportation.* (Minneapolis: Univ. of Minnesota Press. 1937. Pp. 276. $3.)

DE SCHWEINITZ, D. *Occupations in retail stores: a study sponsored by the National Vocational Guidance Association and the United States Employment Service.* (Scranton: Internat. Textbook Co. 1937. Pp. xix, 417.)

SEIDMAN, J. *"Sit-down."* (New York: League for Industrial Democracy. 1937. Pp. 30.)

TAYLOR, P. S. *Synopsis of survey of migratory labor problems in California.* (San Francisco: Resettlement Admin. Pp. 9.)

TEPER, L. *The women's garment industry: an economic analysis.* (New York: Internat. Ladies' Garment Workers' Union. 1937. Pp. 39. 25c.)

WEBB, J. N. *The migratory-casual worker.* Res. monog. vii. (Washington: Works Progress Admin. 1937. Pp. xix, 128.)

WEINFELD, A. C. *Labor treaties and labor compacts.* (Bloomington: Principia Press. 1937. Pp. 142. $2.)

WOLFSON, T. and WEISS, A. *Industrial unionism in the American labor movement.* (New York: League for Industrial Democracy. 1937. Pp. 51. 15c.)

Brief for the National Labor Relations Board in the Supreme Court of the United States, October Term, 1936. No. 365. *The Associated Press, Petitioner, v. National Labor Relations Board: On Writ of Certiorari to the United States Circuit Court of Appeals for the Second Circuit.* No. 419. *National Labor Relations Board, Petitioner, v. Jones & Laughlin Steel Corporation: On Writ of Certiorari to the United States Circuit Court of Appeals for the Fifth Circuit.* (Washington: National Labor Relations Board. 1936. Pp. x, 144; iv, 95.)

The preparation and analysis of the non-legal material in these briefs was done by the Division of Economic Research of the National Labor Relations Board. Other members of the staff coöperated with David J. Saposs, chief economist, and George S. Wheeler, associate economist.

Comparative labor standards in transportation. (Washington: Federal Coördinator of Transportation. 1937. Pp. xv, 147.)

A fact-finding report, prepared by Edwin W. Fitch and Charles S. Morgan with the coöperation of Otto S. Beyer. Based on previous studies under the general direction of the Federal Coördinator of Transportation.

Durham and the north east coast. Report of the Labour Party's Commission of Enquiry into the Distressed Areas. (London: Labour Party. 1937. Pp. 28. 1d.)

International Labour Conference, twenty-third session, Geneva, 1937: summary of annual reports under article 22 of the constitution of the International Labour Organisation. (Geneva: Internat. Labour Office. 1937. Pp. 462.)

International survey of legal decisions on labour law, 1934-35. 10th year. (Geneva: Internat. Labour Office. 1936. Pp. li, 347. $3.)

This volume is the tenth annual survey in digest form of legal decisions on labor law published by the International Labour Office. It indicates current trends of labor law in each of five countries and makes available the decisions and legal interpretations arising from the application and administration of labor legislation. The series is published as a supplement to the legislative series which annually reprints the text of important labor legislation enacted by different countries.

These books should prove especially valuable to those students who are barred by language difficulties from obtaining information as to contemporary developments of labor law in Europe. The survey of legal decisions assumes particular importance to Americans at the present time when we have entered upon fields of social and labor legislation in which other countries have had a long administrative experience and the opportunity to solve many problems which now are facing us for the first time. Thus under the heading "Social welfare and insurance" are digested a group of cases dealing with unemployment relief and insurance, sickness and old-age insurance. The cases discuss such pressing problems as the effect of a refusal to work under varying circumstances in barring payment of benefits under unemployment insurance legislation. In other sections, there are cases dealing with the legal status of trade unions, the effect of collective trade agreements, and with liability for violation of health and safety laws. Another heading, "Compensation or insurance in case of accidents in agriculture," groups a series of cases indicating the extent

to which in many European countries agricultural workers receive legal protection for accidents arising out of their employment.

The decisions of England, France, Germany, Italy, and the United States of America are treated in separate sections. Within each section the material is grouped uniformly under common headings, such as international labor law, conditions of employment and protection of the individual worker, and social welfare and insurance. Frequent notes of cross-reference have been appended to the decisions which facilitate comparison of legal principles as developed by the different countries. The cases have been selected and analyzed by various distinguished contributors. At least, as evidenced by the section devoted to cases of the United States, the standards of selection from such an abundant field are very high and the digests have been carefully and accurately prepared. The volume also contains a brief but helpful description of the various public authorities having jurisdiction in matters of labor law. As an aid to the reader, a careful index has been prepared.

Some specific matters of criticism suggest themselves. The volume covers the period during which the various labor boards formulated principles of the law of collective bargaining under Section 7a of the National Industrial Recovery act. The inclusion of a brief summary of the decisions of these boards and a statement of the significance of the Schechter case with respect to the principles formulated by them would have given a more complete picture of the development of labor law in the United States. Although these principles were rulings of an administrative body which had not the machinery or power to enforce its decisions, nonetheless until the Schechter case, they were the law of the land in the field of industrial relations. Also, some of the terms, especially in the headings, are given a meaning unfamiliar to American readers. Thus the phrase "trade associations," which usually refers to employer associations, is used in this volume for group cases involving trade unions and their legal status.

These criticisms, however, do not detract from the essential value of the series in promoting the study of comparative law and in standardizing and improving labor law in all countries.

HENRY W. LEHMANN

Labour's immediate programme. (London: Labour Party. 1937. Pp. 7. 1d.)

Labor relations laws. (Chicago: Commerce Clearing House. Pp. 76.)

Ministry of labour report for the year 1936. (London: H. M. Stationery Office. New York: British Lib. of Information. 1937. Pp. vii, 141. 80c.)

Re-adjustment in Lancashire: a survey by members of the Economics Research Section, University of Manchester. (Manchester: Manchester Univ. Press. 1936. Pp. 137. 4s. 6d.)

This study has the distinction, as yet all too rare for university studies, of having influenced governmental policy. Aided, no doubt, by the persistent agitation of the Labor Party and by the sympathy of the former King Edward VIII, it has already induced a White Paper from the Baldwin government promising real if moderate assistance to distressed localities not previously included in the "special areas."

The survey makes evident that there has existed a prolonged depression in many districts of England and that these have shared very unevenly in the recovery which has taken place since 1931. Some doubt may, indeed, be cast upon the soundness of this recovery when we find the inequality in its distribution attributed chiefly to differences in the extent to which various areas have participated in the contracts growing out of rearmament (p. 126). The

blackest spots left in Lancashire are the coal-mining area in the southwest and the weaving district in the east and northeast. In both the unemployment rate has been persistently high (25 and 26 per cent, respectively, of the number of insured persons in 1935), in the one predominantly men and in the other predominantly women. The analysis of the problem of transferability shows that, although there has been considerable loss of population to areas with expanding industries, much of this has been the rather aimless migration of individuals undirected by the employment exchanges; and, at best, owing to the obstacles presented by age, marital condition, and lack of experience, a mobility of more than 50 per cent among the unemployed cannot be hoped for. Efforts made by the localities themselves to attract new firms, in addition to giving rise to the question of industrial theft, have been extremely meager in their results. Local public works schemes likewise offer little prospect of relief because in most areas the primary public services have already been provided, and such undertakings as remain often require skilled labor of a sort that is already scarce or are costly in the way of property to be bought and materials to be used. There are plenty of projects for aesthetic improvement such as tearing down derelict buildings, removing slag heaps, and filling up "flashes" caused by the subsidence of mining regions. But these, also, transcend the power of local finance and call for national assistance. Thus the case is complete.

WARREN B. CATLIN

Reduction of hours of work in the textile industry. Internat. labour conf., 23rd sess. (Geneva: Internat. Labour Office. 1937. Pp. 111.)

Report of the Industrial Legislation Commission, Union of South Africa. (Pretoria: Govt. Printer. 1935. Pp. viii, 181. 6s.)

This report by the Governor General's commission covers the full range of subjects generally considered under the heading of labor legislation—disparity between wage levels of skilled and unskilled, women's wages, minimum wage laws and their effect on the volume of employment, industrial mediation and arbitration, and a great variety of subordinate administrative problems. The topic of greatest interest is the one dealing with the problem of European and native labor and the obvious tendency on the part of white labor to establish a monopoly. The report comes out distinctly in favor of wage and other regulations, but counsels flexibility in establishing categories and less reliance by wage groups on a legally supported status. The report draws liberally on writings by economists attached to the International Labour Office and to similar investigating commissions of other members of the British commonwealth of nations. It shows a striking resemblance of the social regulations of the youngest member of the British Empire to those in vogue in the mother country.

SELIG PERLMAN

Why did the auto workers strike? Social action, vol. 3, no. 4. (New York: Social Action. 1937. Pp. 31. 10c.)

Money, Prices, Credit and Banking

International Monetary Issues. By CHARLES R. WHITTLESEY. (New York: McGraw-Hill. 1937. Pp. ix, 252. $2.50.)

This book was begun, Professor Whittlesey explains in his preface, as a study of the international aspects of money. Now that the task is finished

he realizes that many readers will treat it simply as a tract against the gold standard. The volume can hold its own as an attack on conventional assumptions, but the author retains his interest in filling some of the gaps in current theories which, he maintains, tend to ignore or minimize the international aspects of the problem of monetary standards.

Professor Whittlesey is no untried crusader in this field. Readers of the *Review* will remember the article on "Fluctuating Exchange Rates, Foreign Trade and the Price Level" published under his name and that of Professor Graham in the number for September, 1934. There, as in the present volume, the conventional reverence for the gold standard was assaulted without rancor but with factual ammunition from recent American trade and exchange history. Time has passed, but the numbers of the protesting minority have scarcely increased. The doctrines here presented are still regarded as heresy by many of the author's professional colleagues. We have as yet produced no J. M. Keynes or Reginald McKenna to lend prestige to unorthodoxy.

Proponents of the international gold standard will perhaps be the last to concede that the author is a realist. Not for him the "this would happen" and the "that would necessarily follow" of those who stand—or perhaps stumble—in the shoes of the classical school; for him, instead, the recognition of obstinate and paradoxical facts concerning commodity and capital movements. Also, he seems even-tempered and free from the political phobias which, from San Francisco to Moscow, freeze economic thinking into molds, diverse but always solid.

The thesis of the book is that the establishment of a final level for exchange rates should never be attempted. "Stability" in the old sense is a false god. The international gold standard makes a fetish of "stability" even while it sacrifices, if need be, stability of the price level, stability of employment and other essential stabilities. "What is needed is not stability but adjustability" (p. 31); for the primary rôle of money in its international relationships is to facilitate the adjustment of price levels between countries. It is admitted that the gold standard seeks to provide such an adjustment through movements of gold between countries and contraction or expansion of currency and credit. But it is argued that a simpler and speedier way is through alterations in the exchange rate.

One by one the international gold standard's sins of omission and commission are set forth, first in a theoretical way and then in the light of recent events. "The practice of competitive depreciation of currencies, which is usually painted as one of the vicious consequences of not adhering to the gold standard, is greatly facilitated by the fact that the gold standard continues to exist (p. 23). . . . Instead of saying that there is no instance of a paper currency which has not 'sooner or later' suffered an extreme degree of depreciation, it would be much nearer the truth to say that there is

no case of a gold currency which has not sooner or later slipped loose from the moorings that held it to gold (p. 43). . . . Gold is essentially a fair-weather standard and for that reason is judged upon its performance while the weather is fair (pp. 45-6). . . . The preference for gold as a monetary base . . . rests primarily on the fact that we are accustomed to it" (p. 67). Arguing from recent events, the author recalls the fact that in the first two years of the present decade American trade with gold and non-gold countries tended to go in the unexpected direction; and that after Sweden went off gold in 1931 and Belgium in 1935 capital went *into* those countries, not out of them. But he frankly admits that disturbing factors are due to no particular type of monetary standard and that no monetary standard is to be preferred simply on the basis of the imperfections of another.

Even as many of the meaty portions of this provocative study are here left untouched, just so some of the most significant problems of managed currencies are surveyed over-swiftly by the author. He says in the preface that he was "provoked" into writing it. May he be re-provoked into expanding it by those whom he now provokes!

ALZADA COMSTOCK

Mount Holyoke College

The Monetary Experience of Belgium, 1914-1918. By HENRY L. SHEPHERD. (Princeton: Princeton Univ. Press. 1936. Pp. xvi, 271. $3.00.)

Belgian monetary history has been somewhat neglected in the past, partly because of the superficial assumption that values and policies were entirely swayed by French conditions. Belgian policy was only intermittently dominated by France. In fact, however, Belgium stabilized at different times and at different levels. Money and credit played a somewhat different rôle, and the crises were in most cases of a peculiar nature. The various attempts to break away, and the period when English influence was important, call for more consideration. It is fortunate, therefore, to have this new volume added to the chronicles of post-war inflation.

Dr. Shepherd has covered a wide territory and a considerable span of time in a little more than 200 pages. His account is well supported with tables and charts and contains useful suggestions for the student of monetary science. It suffers, as do most of the investigations of this type of problem, from an over-richness of detail. It is difficult for one not already familiar with the problem to comprehend and remember the many different episodes, and the variety of explanations. The reader must attempt some simplification and some abstraction, since this is not satisfactorily accomplished in the summaries of the chapters.

Some of the peculiarities of the Belgian situation grew out of the special position of the country during the occupation by Germany when a considerable volume of marks was in circulation. Some grew out of an inter-

mittent dependence on the French exchange, and others developed later in connection with a serious effort at national planning.

One of the striking characteristics of the various devaluations was the relative ease with which the first violent shocks of change were absorbed by the economic system as a whole. This ability to adjust was not much noticed at the time because the other events in European finance attracted more attention and because the theory of the time was not inclined to admit of a degree of flexibility in economic life sufficient to make these adaptations. Now, however, since the American experience has demonstrated a wider zone of tolerance in monetary change than most observers thought possible, the Belgian changes in money value seem to indicate that convertibility levels can be shifted slightly without drastic disturbance, and that new levels of exchange will neither kill nor cure in certain circumstances.

What Dr. Shepherd is describing is a sort of slow-motion inflation. The consequences of most of the acts follow at a time interval which tends to permit the interaction of a variety of confusing influences. In this respect the Belgian story is less striking and yet more "normal" than the five or six more frequently studied cases. The lack of knowledge of contemporary events which existed during inflation, caused mainly by inadequacies of index numbers and lack of sophistication in monetary matters, was an important influence in the course of events. Here, as in France during the early years of inflation, velocity failed to increase in the way it did later when speculation got to an advanced state. In this book, emphasis on the *use* of money rather than the number of units shows a proper stress on fear and anticipation—psychological factors which, by their presence or absence, disturb or steady values.

Part 3 is perhaps the most interesting section of the book. It may be that there is still new material to throw light on monetary control in the story of false stabilization and subsequent devaluation. In any case this account is full of suggestions and comes as a timely reminder of the varied nature of currency fluctuations. There is perhaps an implication of more deliberate control than was actually effective; but it is still true that Belgium experimented and intervened in a notable manner.

ELEANOR LANSING DULLES

Social Security Board

NEW BOOKS

ALBERTI, M. *La guerra delle monete*. Vol. I. *La lotta dell'oro contro l'argento e della carta contro l'oro.* Vol. II. *Schieramenti e battaglie fra le valute.* (Como: Cavalleri. 1937. Pp. 308; 323.)

These two monographs, written by one of Italy's foremost students of financial questions, contain a searching analysis of post-war international monetary policy. The first is devoted mainly to a discussion of monetary developments in Great Britain, France and the United States; the second is concerned pri-

marily with a description of the monetary experiences of Italy, Germany, and several of the smaller continental European countries. There is a sharp critical undertone, directed mainly against Great Britain, whose recent monetary policies and whose international monetary leadership provided during the post-war period are not to his liking. Britain sought a position of leadership largely for selfish reasons. When advocating the gold-exchange standard as a desirable solution for the monetary ills of the smaller European countries, British financiers did not, he thinks, overlook the fact that the foreign exchange deposits required for the maintenance of that standard would yield handsome returns to the London banks. It is significant too, he contends, that immediately after her failure to maintain the gold standard (which caused heavy losses to some of the continental central banks) Great Britain should have become an ardent advocate of a managed currency and should have lost no time in inducing other countries to follow her in the new program of monetary management.

WILLIAM G. WELK

ARNOLD, A. Z. *Banks, credit, and money in Soviet Russia.* (New York: Columbia Univ. Press. 1937. Pp. xxiii, 559. $4.)

BAUDIN, L. *Les illusions du crédit.* (Montreal: Albert Lévesque. 1937. Pp. 317. $1.)

The first third of the book is given over to a sketch of orthodox principles of credit, interest, banking and the gold standard, and to their perversions. Illustrations are drawn from the contemporary scene. A chapter on the banking situation in Germany terminates with the conclusion that orthodox banking principles are at long last being applied to the rehabilitation of that country's banking structure. A description of credit conditions in France tells of the increasing domination by the State over the Bank of France. Public authorities in France are charged with failure to understand the significance of hoarding and gold exports which basically are caused by lack of public confidence in socialistic political trends. Two lectures are devoted to international credit and world money markets. A chapter on agricultural credit concludes that, although such credit is useful, it must be strictly limited in amount.

To curb the manifold abuses of credit in recent decades, Professor Baudin advocates greater adherence to tradition and higher moral standards in banking and politics (pp. 310-313). Although evolution in financial forms is to be expected, sound principles are immutable. Illusions regarding money and credit, however, are constantly reappearing when they can serve special interests, political and economic.

In passing, M. Baudin points his illusions with illustrations drawn from credit policies in the United States. The entire Roosevelt program is based upon public credit (p. 273). The credit system of the United States is coming more and more under state control (p. 276). The raising of member bank reserve ratios is a gold sterilizing policy which may further disturb international equilibria (pp. 74-75). The United States government in 1933 dared not authorize branch banking on a broad scale (p. 99). Bank deposit insurance is a device to aid weak banks by penalizing the strong, and may result in making weak banks weaker (p. 149). New York possesses all necessary means to become the world's financial center except tradition—an essential not to be acquired by Rooseveltian decree (p. 179)! Agricultural credit policy in the United States exemplifies a general trend wherein the state shows greater

solicitude for producers than for savers and savings institutions. Farmers are encouraged to take their obligations lightly by relying on public agencies and to consider their debt contracts as subject to revision whenever convenient (p. 255).

The last two chapters, "Credit and crises" and "Control of credit," should be of more than passing interest to economists. The theory that credit is a primary cause of the business cycle is rejected. The cycle must be explained in terms of psychology and technology (p. 266). Credit may influence the course of the cycle, however, by exaggerating a price rise in a boom and, if made abundant in depression, by accentuating disparities among individual prices.

Each lecture is organized with careful attention to logical argumentation; the style is lucid and graceful. It is no reproach to observe that portions of Professor Baudin's excellent treatise, *La Monnaie et la Formation des Prix,* have in this later work been remoulded into lecture form.

CHARLES C. FICHTNER

CLARKSON, F. H. *Social and economic justification for a phase of consumer credit.* (New York: Consumer Credit Inst. of America. 1937.)

EDIE, L. D. *Easy money: a study of low interest rates, their bearing on the outlook for the gold standard and on the problem of curbing a boom.* (New Haven: Yale Univ. Press. 1937. Pp. 183. $2.)

EINAUDI, L. *Paradoxes inédits du Seigneur de Malestroit touchant les monnoyes avec la response du President de la Tourette.* Collezione di scritti inediti o rari di economisti diretta da Luigi Einaudi, III. (Turin: Einaudi. 1937. Pp. 164. L.40.)

One of the best known facts of economic history is the rise of prices in the sixteenth century. The factors underlying the change, however, have never been beyond argument. Certainly contemporaries both on the Continent and in England were at the time much confused on the issue. Nevertheless, Malestroit, the controller of the mint, maintained that there had really been no increase in the price of goods in France for three hundred years. His point was that the depreciation of the currency by royal edicts was what had taken place. In fact, Malestroit maintained that a given weight of gold or silver would buy as much in his day as three centuries earlier. Of course, we know now that this last statement of fact was not true. Malestroit finished his treatises on *Paradoxes* in 1566, and two years later Bodin replied to this work. Bodin maintained that prices had risen in terms of the precious metals and that the rise was due to the great inflow of gold and silver from the Spanish mines in America. This may be regarded as the first effective enunciation of the quantity theory of money, though, to be sure, incomplete. From other sources we know that Gómara in Spain, and doubtless others elsewhere, had conceived the theory previously, but their general influence was negligible.

Bodin is thought of as correcting the ideas of Malestroit when arriving at his own quantity theory. In 1905 Professor Hauser set forth, and now Professor Einaudi substantiates, the view that Malestroit is not to be put down and dismissed as misguided in his theorizing. In truth, in his brief treatise, *Paradoxes,* he was discussing the nominal change in prices, while Bodin was thinking of the real change in prices. The nominal change was in terms of coins, while the real was in terms of weights of pure gold and silver.

The chief contributions of the present book lie in the reproduction of two

hitherto unpublished monetary treatises and in their elucidation. The first of these is the *Memoires sur le faict des monnoyes . . . de Malestroict* (1567) and the second the *Response* (1567) of De la Tourette to the *Paradoxes* of Malestroit. Most of the present volume is devoted to technical matters of importance to French monetary and price history. A glossary of five pages deals at length with technical terms. The editor's long and clear introduction as well as the glossary and index are in Italian, and the treatises reprinted are, of course, in sixteenth-century French. At once, this work becomes indispensable to students of the history of money and prices.

N. S. B. GRAS

EINZIG, P. *The theory of forward exchange.* (New York: Macmillan. 1937. Pp. 441. $7.50.)

GRAHAM, F. D. *Die Stabilisierung der wirtschaftlichen Entwicklung.* Kieler Vorträge 47. (Jena: Fischer. 1937. Pp. 23.)

GRAHAM, F. D. and SEAVER, C. H. *Banking: how it serves us.* (New York: Newson. 1937. Pp. 192. 80c.)

GRAHAM, F. D. and SEAVER, C. H. *Money: what it is and what it does.* (New York: Newson. 1936. Pp. 158. 80c.)

According to the foreword, the purpose of this little book is to take you on an excursion into the field of money. In other words the complicated subject of money is to be simplified for the benefit of the layman. Apparently the authors are aware of the difficulties involved, since they proceed with caution from the most elementary aspects of the subject to a point where its real essence is reached. The quantity theory is worked in adroitly, for it is said that "the value of token money can practically always be held up, if the supply of money is restricted." In a footnote (p. 68) is the rather dubious statement that "deflation is the opposite of inflation." Bank deposits are accepted as money, but bank checks are excluded. There is a good chapter on prices, its brevity considered; and it is asserted that the control of money supply is ". . . a promising . . ." means to the attainment of price stability (p. 135).

A short bibliography and an appendix which considers interest, foreign exchange and token money add to the value of the volume. On the whole the authors have done well a very useful and difficult thing—so difficult that no one familiar with the subject should do less than commend them.

E. A. KINCAID

GROBBEN, M. M. *The coöperative loan agency: a phase of consumer credit.* (New York: Consumer Credit Inst. of America. 1937.)

HAINES, H. W. *Profits and problems in small loans.* (Cambridge: Bankers Pub. Co. 1937. Pp. 121. $3.50.)

HARWOOD, E. C. *Where are we going?* (Cambridge: Am. Inst. for Econ. Research. 1937. Pp. 92. $1.)

In this pamphlet Mr. Harwood attempts to forecast the course of events for the near future in the United States with respect to money, prices and business. His predictions are based upon his analysis of the continuing effect of recent events. Among the more important factors that he considers of special significance are gold production, devaluation, silver monetization, federal debt monetization (the expansion of bank deposits resulting from the sale of government securities to the banks), and private credit inflation. He believes that under the New Deal Administration an easy money policy will be continued.

This is likely because of the over-savings theory held by the Administration and because of the practical fiscal necessities of the Treasury.

Looking upon inflation as a matter of the volume of purchasing power, he concludes that it already exists in a high degree. Its full effect upon prices has not been realized, however, because of the relatively low velocity of circulation. He considers that we are now entering the stage when increased velocity as well as inflation will tend to boost prices. Under these conditions he foresees a relatively brief period of prosperity accompanied by great speculative activity and followed by the same sort of disastrous aftermath as that which succeeded the similar inflationary spree of the twenties.

Perhaps Mr. Harwood's confidence in the imminence of decided increases in prices might have been less pronounced if his pamphlet had been written several months later, in view of the recent reaction. But even if his forecast should prove to be correct, the analysis by which he arrives at his conclusions is not convincing. The argument is expressed in the most general terms and is loosely strung together; the analysis of the effects of the various factors upon prices and business, most of which are interrelated, is not adequately integrated; certain terms such as "normal prices" and "inflation" are not explained with sufficient clearness; and the supporting factual data are not impressive. The influence of gold production upon prices is treated in a perfectly mechanical fashion and no allowance at all has been made for the effects of recent increases in the reserve requirements of banks. Most disturbing of all perhaps is the substantially complete absence of any consideration of the policies and possible influence of the federal reserve system with respect to prices and business developments. There is merely a footnote containing extracts from a speech of Governor Eccles favoring a policy of easy money.

WILLIAM O. WEYFORTH

HOOPER, F. W. *The functions of a bank in relation to the capital market: a discussion of some criticisms of the London capital market in its relations with British industry, and of a suggested line of remedial action by the joint stock banks.* (London: Gee. 1936. Pp. x, 61. 2s. 6d.)

This essay was written for the purpose of discussing the proper relationship of the joint stock banks to the development of the English domestic capital market. After critical examination of the recommendations of the Macmillan report of 1931 for the improvement of the English domestic capital market, which included the proposal that the joint stock banks coöperate in the formation of new institutions which should undertake the functions of investment banking, the author presents an alternate proposal. He suggests that the joint stock banks form their own subsidiary companies to engage directly in investment banking activities, in the interests of greater flexibility and personal responsibility. It is recognized that the banks would have to make provision for the complete segregation of their investment business from their deposit banking business, and it is argued that the English bankers because of their conservative traditions "even in a period of great investment activity, would (not) run riot in the new-issue market as American bankers certainly did in 1928 and 1929" (p. 48). The successful expansion of the joint stock banks' activities into the investment field would require an "expert personnel and an accumulated fund of knowledge and experience" which should be acquired, in part, from efficient economic research departments (p. 50).

The suspension of the American system of investment subsidiaries, as re-

quired by the Banking act of 1933, is regarded "as expressing the furious determination of the American people to clean up the banks. . . . An imposing structure was instantly—and, it one day may be thought, too rashly—demolished" (p. 54). The American difficulties of 1928-1929 are viewed as having been primarily management difficulties. "A system which is in itself good or at least harmless in most respects may become hopelessly discredited through defects, not of its intrinsic logic, but of personal ability, honesty, or prudence in a few of its administrators" (p. 48). Such a situation it is held is not likely to occur in England because of the high "integrity of purpose which characterizes English banking" (p. 52). It is further suggested that it would be advisable for the Bank of England "to act as a kind of general overseer of industrial issues" as the Treasury already does in the case of municipal issues and foreign investment offerings (p. 60). Whatever form the actual machinery of the capital market may finally take, it is argued that "a body of responsible opinion is looking to the great joint-stock banks of the country to give a lead in one of the urgent problems of the day, which is to secure the most effectual organization of the capital market for the benefit of British industry" (p. 61).

The pamphlet, in the opinion of this reviewer, presents most cogently, arguments in favor of the extension of the traditional functions of the English joint stock banks to include the direct development of machinery to aid in the provision of the long-term capital requirements of British industry, as the only feasible present alternative to direct governmental control.

W. C. CLEVELAND

PALYI, M. *The Chicago credit market: organization and institutional structure.* (Chicago: Univ. of Chicago Press. 1937. Pp. xvi, 448. $4.)

PHILLIPS, C. A., MCMANUS. T. F. and NELSON, R. W. *Banking and the business cycle: a study of the great depression in the United States.* (New York: Macmillan. 1937. Pp. xiv, 274. $2.50.)

PRATHER, C. L. *Money and banking.* (Chicago: Business Pubs. 1937. Pp. xvi, 559. $3.75.)

RUFENER, L. A. *Money and banking in the United States.* (Boston: Houghton Mifflin. 1936. Pp. 830. $3.50.)

SKINNER, R. D. *Seven kinds of inflation—and what to do about them.* (New York: McGraw-Hill. 1937. Pp. xvii, 273. $2.50.)

SPALDING, W. F. *Foreign exchange and foreign bills in theory and practice.* 10th ed. (London: Pitman. 1937. Pp. 336. 10s. 6d.)

VINEBERG, P. F. *The French franc and the gold standard, 1926-1936.* (Montreal: McGill Univ. 1936. Pp. 95. 55c.)

It is an ambitious task to try to outline the history of major monetary changes in France in the course of more than 20 years—the period actually covered by this monograph. In fact, it is reasonable to say that it is impossible to handle even the more conspicuously important events adequately in less than 100 pages. The author of this study, Mr. Vineberg, has succeeded in presenting a realistic sketch of these events. He has given an interesting and substantially correct survey of what happened. He has not been able to give emphasis or focus to his account of affairs. He does not give much attention directly to the gold standard, although the title indicates that he intended to make it a central theme. His consideration is devoted rather to devaluation and to variations in the price of gold and goods. These factors are closely related,

together, and to the gold standard; but the significance of convertibility and the leverage of gold prices on commodity prices constitute different problems not primarily discussed here.

Moreover, the peculiar characteristics of inflation in France and how these compare with traditional situations or forecasts are insufficiently analyzed. He describes various causes and consequences of devaluation and is wise in his stress on the resistance to devaluation. He is also sound in presenting the pros and cons of cutting the gold content of the franc. He might have gone farther to indicate that after a certain stage in the development of financial relations is past, devaluation though difficult to avoid, brings few constructive effects. It rarely increases foreign trade and may not even stimulate internal speculative activity in such a way as to lead to industrial expansion.

In many passages he suggests a unity of purpose and theory far from characteristic of French economic opinion. There is no theoretical contribution to be found in the book, but there are some interesting points of fact made available to those who wish to survey the subject in brief compass.

ELEANOR LANSING DULLES

WHITTLESEY, C. R. *Gebundene und ungebundene Wechselkurse.* Kieler Vorträge 46. (Jena: Fischer. 1936. Pp. 20.)

Boletin del Banco Central de Reserva del Perú. (Lima: Banco Central de Reserva del Perú. 1937. Pp. 36.)

An interesting analysis showing with text and charts the operations of a bank in South America.

Exchange restrictions in European countries. Spec. circ. no. 421. (Washington: Bur. of Foreign and Domestic Commerce. 1937.)

Present day banking, 1937. (New York: Banking, Journal of Am. Bankers Assoc. 1937. Pp. xiv, 329.)

Public Finance, Taxation, and Tariff

Government Finance. By JENS P. JENSEN. (New York: Crowell. 1937. Pp. xxxii, 595. $3.50.)

This is in no sense a revision of *Problems of Public Finance,* published in 1924. It is a new book; and although it has the "tang" of the earlier volume, it is constructed on quite different lines and reflects the maturity that comes with added years of observation and reflection. It will take its place in the front rank of texts in this field. There are no great innovations in method or in the conclusions reached. These are in accord with the best tradition. This does not mean they are lacking in individuality. The language is direct, crisp and clean-cut; the style is compact and yet, to the attentive reader, is notable for its clarity; and the author, without the least pretentiousness, speaks with certitude and conclusiveness. The mechanics of the book leaves little to be desired; it is well indexed and has a serviceable table of contents.

And yet there is something lacking in the book. It is factual, descriptive, informative rather than seminal, constructive, philosophical—the qualities

that give largeness of view to the writing in this field of Cohn, Wagner, and in a less degree, Pigou and H. C. Adams. The absence of these qualities is not peculiar to this text or to others in this field but is felt in current college texts in all the social science group.

Throughout the book there is a conscious application of classical principles —a welcome emphasis, almost an innovation since they are so often obscured by the "facts" in texts in the field of "applied" economics. Jensen's bent shows itself in unexpected places. We must have the fourth factor in the production of public services; who performs the promotional-entrepreneur function in this "sector of the modern capitalistic state?" He at this point attaches but scant importance to the duly constituted authorities (though in the chapter on budget procedure they are recognized as "determiners" of public policy); he recognizes the services of the "public-spirited citizen" as a promoter of good causes. But neither of these classes has the earmarks of the profit-taking entrepreneur. This rôle is taken by "those public-service buccaneers (Bastable's 'sinister influences'?) who manage to secure for themselves an excessive proportion of public-service benefits, in the form of incidental benefits . . . the retention of purchasing power that they ought . . . to have paid in taxes, or in the form of excessive direct or indirect compensation of public office." This is suggestive of the Beardian bias for finding the private interest which lurks back of every ostensibly public interest.

In dealing with the problem of justice, Jensen's talent for critical analysis is displayed to excellent advantage; but it must be said as he himself regretfully admits (p. 215) that the problem still remains. He recognizes, as the older searchers for a satisfying formula for apportioning the tax burden did not, that the problem embraces many factors which we have been slow to recognize growing out of our multitudinous taxing jurisdictions operating under the most diverse economic conditions; the concentration of taxable capacity in one locality though sustained by consumers in a thousand other jurisdictions; the case of the decadent and otherwise underprivileged communities, each compelled to fry in its own fat in maintaining that part the fabric of the state assigned to it by general law.

We should, perhaps, not expect a book like this to point the way out of these and like difficulties. We might, however, fairly expect some positive teaching in simpler problems of justice, *e.g.*, with respect to the bank tax muddle created by a succession of unfortunate court decisions, rather than saying that what, if anything, should be done about it is a mooted question.

Although most of the fiscal problems now beginning in all seriousness to vex the constituted authorities at Washington—government business ventures, balancing the budget, limits of safety in debt expansion, lump-sum appropriations, etc.—are dealt with succinctly in their proper places, so successful is the author in preserving his scientific calm, that it is doubtful whether the student dependent upon the text would discover that anything

extraordinary had recently happened bringing us to a new plateau of public finance. There is, it is true, an emergency aspect to most of the expenditure increases of recent years. But they are not merely that. The debt remains, the widespread acceptance of the right to work, remains; a new level of dependency remains. It might be expected that any book on government finance published in 1937 and after would find it necesary as hitherto, most happily, it has not been in America, to deal with poor-relief under whatever name administered, along with "road taxes" and "school financing."

G. O. VIRTUE

University of Nebraska

Facing the Tax Problem: A Survey of Taxation in the United States and a Program for the Future. Prepared under the Auspices of the Committee on Taxation of the Twentieth Century Fund. (New York: Twentieth Century Fund. 1937. Pp. xxiii, 606. $3.00.)

The trustees of the Twentieth Century Fund appointed a committee on taxation; Professor Carl Shoup was made research director, and Professors Roy Blough and Mabel Newcomer became associate directors. To each of the 17 members of the research staff were assigned tax research projects. Upon completion of these inquiries, memoranda were submitted to the directors, who then prepared their report on factual matters, with their conclusions and recommendations, to the committee. The committee, in turn, prepared its report and recommendations. One of the results of this venture is the book under review. Another is the expectation that a mass of material not published in this book will appear either in a forthcoming book, *Studies in Current Tax Problems,* or in the appropriate periodical literature.

The tax problem is treated as a single problem, though one of many phases. The first four chapters, providing the necessary background, contain a catalogue of complaints registered against the system, continue with a description of the system as of 1937 and of the changes made since 1914, and end with a statement of the tests to be applied. With this application Book II, comprising the bulk of the volume, is concerned. Chapters 5-8 apply the test as to what is apparently regarded as the first of the primary aims of a tax system, its adequacy as a revenue producer. Undoubtedly, the methods of the telescoped forecasts of revenue yield, and of the estimates of future expenditures, will be explained by the material of the expected supplementary volume. It is interesting to note that, in chapters 9-14, social control is accorded a place as the second of the primary aims of a tax system, embracing the promotion of specific industries, control of business organization and practices, control of consumption, and the distribution of wealth and income. In chapters 15-20, the first of the secondary aims—namely, justice in taxation—is treated. The personal or class dis-

tribution of the tax burden is tested by resort to that vague individual, the synthetic taxpayer. The time element is recognized, and thereby the problem of tax capitalization is admitted in full force and given ingenious treatment. The benefit principle and the taxation of socially undesirable gains are other elements in the concept of tax justice. Minor secondary aims recognized are stability of revenue, ease of administration, tax consciousness, and inter-governmental coördination. Book III presents the conclusions and recommendations of the directors; and Book IV, the report of the committee, in the longest and final chapter. Elaborate footnotes are presented in some 70 pages following the text.

In an institute-produced survey the question of the objectivity of treatment becomes a question of the bias of the group in charge, in this case the committee. Some assurance on this point is given to the reviewer by the fact that he is in hearty accord with most of the findings and recommendations. One of the few exceptions relates to the substitution suggested for the undistributed surplus tax. The proposal to allocate a distributed surplus for taxation to the stockholder seems too remote to form an element in an immediate tax program. To other readers there is some assurance in the practical unanimity of the members of the committee, composed of men of diverse interests, and in the further fact that the directors and the committee are in substantial agreement on most of the issues.

The volume is an excellent example of what is possible by the institute method of research. Yet, although this survey has covered effectively a much broader field than could have been covered by an individual research worker, it still leaves many questions unanswered, a statement that may be made without prejudice. For example, there is no analysis of the propriety of the present level of public expenditures or of the present catalogue of public functions, which are assumed to continue as bases for both expenditures and revenue estimates. Such an analysis is, of course, another story; but its absence materially and probably intentionally limits the range of the analysis of the tax system, and of pertinent recommendations. Also, the analysis is probably hampered by what looks like an inadequate treatment of the incidence of various taxes, while the subject of capitalization is accorded extended, capable, and useful treatment. Granted that the subject of tax shifting is in need of spade work, the same would seem to be the case with capitalization. But this again is necessarily another story, as is also the restriction on certain tax recommendations pending the development of a more acceptable program of governmental coördination.

JENS P. JENSEN

University of Kansas

NEW BOOKS

ALVORD, E. C., and others. *How shall business be taxed?* (New York: Tax Policy League. 1937. Pp. vii, 175. $2.50.)

BERGER, A. H. *107 practical methods of minimizing payroll taxes.* (New York: Tax Consultants of America. 1936. Pp. 159.)

BREWSTER, K. *Distraint under the federal revenue laws.* (Washington: Nat. Law Book Co. 1937. $3.50.)

BURKHEISER, K. *Grenzen des Staatskredits.* (Berlin: Bank-Verlag. 1937. Pp. 102. RM. 4.)

Characterizing as inadequate the classical theory of the business cycle, because it leads to a "wait and see" policy, the author proceeds to demonstrate the propriety of a policy of fiscal intervention. He finds the pivotal factor in the cycle to be the inadequacy of the disposition to invest under a capitalist régime, whose motive is profit, and that consequently the factors of production are only partly employed, which is particularly serious in case of labor. When private investment fails, he would order increased public expenditures. To this end the state must necessarily employ its credit, owing to increasing expenditures as well as decreasing revenues during the downward swing of the cycle. The result is a cyclical balancing of the budget, the increase in the debt during the downward swing being liquidated before the next crisis. Other devices of intervention would supplement the borrowing; but the author's faith is pinned to the credit. While this use of the public credit can not and should not eliminate entirely the swings of the cycle, the author appears to entertain no doubt concerning the capacity of the state to carry on the process to the degree of such straightening of the curve as may be possible. He deems it impossible to maintain full employment of the factors of production except by the increased socialization of income; and in taking this position he draws strong support from the writings of Keynes. The monograph quite properly takes its name from the attempts to set limits to the usefulness of the public credit rather than to the possible limits to its magnitude.

JENS P. JENSEN

CALDWELL, A. B., and others. *A study of financial support and educational opportunity in the one-teacher school districts of New York State, 1928-1929 to 1934-1935.* Educ. monog. no. 5. (Albany: N. Y. State Teachers Assoc. 1936. Pp. 118. $1.)

CARR, R. K. *State control of local finance in Oklahoma.* (Norman: Univ. of Oklahoma Press. 1937. Pp. xiv, 281. $3.)

ECKER-R., L. L., editor. *Financing relief and recovery.* Reprinted from *The municipal year book, 1937.* (Chicago: Internat. City Managers' Assoc. 1937. Pp. 372-493.)

FAUST, M. L. *The security of public deposits.* P. A. S. pub. no. 51. (Chicago: Public Admin. Serv. 1936. Pp. 45. 50c.)

GÜNTHER, E. *Steuergerechtigkeit, gergründet auf Gleichheit der Lebenseinbusse.* (Jena: Fischer. 1937. Pp. vi, 113. RM. 4.50.)

HILLHOUSE, A. M. *Municipal bonds: a century of experience.* (New York: Prentice-Hall. 1936. Pp. xiv, 579. $5.)

This volume concentrates upon one aspect of municipal financing—namely, bond defaults. On that subject it is an exhaustive treatise based upon wide research. The material has been thoroughly digested, carefully organized, and presented in a readable style. In all probability the study will long remain the standard work in its field.

Defaults on municipal bonds are not a new phenomenon. Although they have been relatively more numerous and important during the current depres-

sion than in any previous period, their history can be traced back for a century. The author presents this history in detail, with ample data as to the geographical distribution of defaults at successive periods, and the extent to which defaults have occurred on obligations of various categories, such as general improvement, railroad aid, irrigation, drainage district, or special assessment bonds. Following this survey are sections dealing with the causes and consequences of defaults, their cure and prevention. The appendices contain useful supplementary material, including municipal debt statistics, summaries of state and provincial debt adjustment acts, and a review of municipal debt adjustment methods in several other countries. A selected bibliography is added.

An excellent chapter gives an account of Canadian experience with defaults. In a number of Canadian provinces local government boards have been established which have done valuable work not only in bringing about orderly debt adjustments, but also, through the exercise of broad supervisory powers over local finances, in preventing the occurrence of defaults. Dr. Hillhouse, who is Director of Research of the Municipal Finance Officers' Association, believes that there is great need for establishment of similar local government boards in the American states. At present only the creditor has well defined legal remedies. An administrative receivership under a state local government board would make possible an equitable debt readjustment in which the claims of the creditor would be balanced against the position of the taxpayer, citizens in general, and municipal employees, all of whom have a stake in the financial welfare of the municipality. The major obstacle to the institution of state receivership machinery is the constitutional prohibition against state impairment of contracts which precludes a state from compelling a minority of creditors to accept an agreement approved by a majority. An attempt to provide the necessary coercive power over minority bondholders through federal legislation failed when the Federal Municipal Debt Adjustment act was invalidated in May, 1936—a month after it received the President's signature—by the Supreme Court.

William H. Wynne

Jackson, D. *A graphic summary of farm taxation.* Misc. pub. no. 262. (Washington: U. S. Dept. of Agric. 1937. Pp. 17. 5c.)

McLaren, N. L. and Feigenbaum, B. J. *Income tax management for individuals under federal and California revenue acts, including an analysis of the corporate surtax on undistributed profits under the federal Revenue act of 1936.* (San Francisco: Walker's Manual. 1936. Pp. xxiii, 449.)

Oakes, E. E. *Studies in Massachusetts town finance.* (Cambridge: Harvard Univ. Press. 1937. Pp. 237. $2.50.)

Query, W. G., editor. *Taxation: proceedings of the twenty-ninth annual conference on taxation held at Indianapolis, September 28 to October 1, 1936, under the auspices of the National Tax Association.* (New York: Nat. Tax Assoc. 1937. Pp. 471. $3.50.)

Snavely, T. R. *A study of the fiscal system of Tennessee.* (Nashville: Tennessee State Planning Commission. 1936. Pp. 54.)

As the title indicates, Professor Snavely has prepared a brief report of a study of the Tennessee fiscal system. He finds it weak at various points, specifically in its chaotic budget procedure, its uncontrolled expenditures, its inadequate accounting and auditing, its ineffective tax collection procedure, its consequent persistent deficit financing, and its mounting debt. The principal

remedies proposed, patterned closely and justifiably upon Virginia features, are quite orthodox—namely, a centralized executive budget, a cash basis of operation, and the revamping of some four of the standard existing taxes. The program is modest enough to warrant expectation of its adoption in one legislative session.

JENS P. JENSEN

VASILIU, V. G. *The income tax in Great Britain and Roumania: a comparative study.* (Bukarest: Facarescu. Washington: Royal Roumanian Legation. 1936. Pp. xii, 416.)

The main body of this book is devoted to an account of the Roumanian income tax in effect from 1921 to 1933, together with a comparison of this tax and the British income tax. The author concludes that the Roumanian tax, which imposed varying basic rates on incomes from different sources and a progressive surtax on combined income from all sources, was too drastic a change from the old system to be successful.

The tax revision of 1933, which is unique in providing for the imposition of a progressive scale of rates on incomes from each different source, is dealt with in a supplementary chapter. The author points out that, while this tax does not conform to the principle of ability to pay, it has the practical administrative advantage of being collectible at the source.

The volume concludes with an extensive series of statistical tables. Unfortunately, the value of these is seriously impaired by frequent typographical errors.

MABEL NEWCOMER

WAKEFIELD, R. P. *Tariff handbook on canned foods in Europe.* Trade promotion ser. no. 85, partial rev. (Washington: Bur. of Foreign and Domestic Commerce. 1937. Pp. 41. 10c.)

Assessment principles and terminology. (Chicago: Nat. Assoc. of Assessing Officers. 1937. Pp. 166. $2.)

Handbook of financial administration, Commonwealth of Kentucky. (Frankfort: Public Admin. Service. 1937. Pp. viii, 353.)

New York tax cases: the full texts of the leading federal and state court cases construing the New York tax law, 1903 to 1936. (New York: Commerce Clearing House. 1936. Pp. 313.)

A program of financial research. Vol. I. *Report of the exploratory committee on financial research of the National Bureau of Economic Research.* Vol. II. *Inventory of current research on financial problems.* (New York: Nat. Bur. of Econ. Res. in coöperation with Association of Reserve City Bankers. 1937. Pp. x, 81; 253. $1; $1.50.)

Taxation affecting life insurance, life insurance trusts and annuities. 1936 ed. (New York: Prentice-Hall. 1936. Pp. iv, 161.)

Population and Migration

Migration and Economic Opportunity: The Report of the Study of Population Redistribution. By CARTER GOODRICH and Others. (Philadelphia: Univ. of Pennsylvania Press. 1936. Pp. xvii, 763. $5.00.)

The present volume constitutes the first comprehensive study of various aspects of internal migration within the United States, of many of the problems created by such migration, and of the extent to which foreign and American experience to date may be utilized in working out a nationally satisfactory program for the direction of internal migration. This study, conducted under the chairmanship of Mr. Goodrich since its initiation in 1934, was financed by several of the foundations. The volume under review contains much of the material included in four smaller bulletins published in 1934-36[1] plus much additional material.

The actual content of the work may be suggested by the conclusions, explicit and implicit, scattered through the study. Certain of these conclusions may be tersely stated as follows:

(1) The drift of native white migration, predominantly westward until about 1910, has since tended northward and eastward, if the westward pull of California is excluded.

(2) Negro migration, important since about 1880, has shifted into the industrial cities of the North.

(3) Within the United States there is great variation from region to region and from sub-region to sub-region in the level of individual economic prosperity.

(4) The relative volume and direction of internal migration is very much conditioned by the phase of the business cycle.
  (a) During prosperity, if we may judge by the experience of 1920, migration tends to move from areas of less to areas of more prosperity.
  (b) During depression, if we may judge by the experience of 1929-33, migration carries the population from urban centers to non-urban areas already relatively overpopulated and marked for "permanent poverty."

(5) There probably has been no steady secular drift of the American population toward the city but rather a continuous series of urbanward spurts during times of prosperity which are not completely cancelled in times of depression. These seemingly wasteful cyclical reversals will continue as long as unemployed potential migrants stranded in cities have no better alternative than a return to poor-land areas.

(6) Trends in industrial location since 1900 reveal no pronounced tendency for industry to decentralize; at best we may anticipate the expansion of industry into about 50 counties adjoining the 200 counties which today are predominantly industrial.

(7) Granting the validity of (6), the elimination of present geographical disparities in American living standards will have to be achieved chiefly

[1] Three of these bulletins have been reviewed in this journal. See vol. xxv, 1935, p. 582, vol. xxvi, 1936, pp. 157, 756; also article by the reviewer in *Journal of Heredity*, vol. xxvii, 1936, pp. 2-20.

> through the movement of the excess population of "depressed" areas to areas suited to industrial and commercial development rather than through the movement of industry into areas of relative or absolute population pressure.

The study discloses four main problem areas—areas marked by population pressure, low income levels, relatively limited employment possibilities under present circumstances and at present or rising wage levels, and frequently high rates of natural increase. If individual poverty in these areas is to be relieved at all or appreciably the following volumes of emigration must occur, and increase beyond the then attained population levels must be avoided: Southern Appalachian Coal Plateaus, 340,000 to 640,000; the Old Southern Cotton Belt, 1.5 to 7.0 millions, depending upon the future effective demand for cotton from this region; the Great Plains, 250,000 to about 700,000; the Cutover Region of the Great Lakes, only a few thousands provided that proposed land utilization schemes are put into effect.

Inasmuch as certain areas are more suited for the pursuit of certain occupations than are other areas, an attempt is made to assess the probable comparative expansibility of the demand for the services of various occupational groups in the hope presumably that information relative to such comparative expansibilities will disclose what areas are suited to immigration. The authors reach the not very significant conclusion that chances for employment or for a reasonable livelihood, judged by American standards, are least in the South, in agriculture and in extractive industries, and generally in towns or rural areas not proximate to the 200 industrial counties.

Foreign and American experience indicates that it is easier to prevent undesired settlement than to induce desired settlement; that an organized program such as the British is of some value; that the easiest American task is that of removing certain land wholly or partly from use. It is evident that the great mobility of the American population strengthens the case for federal aid to education and for the de-localization of educational and curricular programs. It is evident too that, if the government is to aid or promote desirable migratory trends, further information is necessary relative to the occupational and geographical distribution of unemployment, to the conditions, etc., which motivate migration, and to the migratory history of the present population.

One hesitates to criticize the present study in view of its value and importance and the open-minded exploratory work of the authors. Several suggestions come to mind at once, however. First, as the data indicate, much of the waste motion is occasioned by factors associated with cyclical fluctuation. Therefore, both the avoidance of waste motion and the proper distribution of the population can be achieved only in proportion as unnecessary cyclical fluctuations can be eliminated and a "proper" balance among occupations can be established and maintained. Secondly, disparity in geographical in-

come levels is attributable to the distribution of capital equipment as well as to the distribution of the population. Through the application of the procedure of Douglas on a regional basis it is possible to determine whether it were better to shift new capital into the South for example or to shift the excess Southern population into the North and employ the capital there. Thirdly, through derivation of demands from budgets and through the assumption of various probable national income distributions it is possible, if allowance is made also for the influence of increasing urbanization upon the basic tastes of the American population, to make good estimates as to the expansibility of the demand for the main classes of labor. It may be possible also to explore the probable influence of monopolistic and quasi-monopolistic barriers to the expansion of production and/or employment in certain fields.

JOSEPH J. SPENGLER

Duke University

NEW BOOKS

ALTSHELER, B. *Longevity. Or, Study of the life-span, showing six years loss in adult expectation in life.* Suppl. no. 2 to natural hist. index-guide. (Louisville, Ky: Natural Hist. Pub. Co. 1937. Pp. 8.)

HILL, T. A. *The negro and economic reconstruction.* Bronze booklets ser. 2, no. 5. (Washington: Assoc. in Negro Folk Educ. 1937. 25c.)

SARKAR, B. K. *The sociology of population, with special reference to optimum, standard of living and progress: a study in societal relativities.* (Calcutta: Ray-Chowdhury. 1936. Pp. 139.)

Social Problems and Reforms

American Medicine: Expert Testimony Out of Court. Vols. I and II. (New York: American Foundation. 1937. Pp. lxxiv, 678; 679-1435. $3.50.)

These two thick volumes constitute a significant and timely contribution to medico-economics literature.

The American Foundation wrote to representative physicians throughout the country asking whether they believed any changes in the present organization of medical service were needed, in what direction or directions change should take place and what the next steps should be. Replies were received from some 2,100 physicians, many of whom wrote several letters in response to further queries on specific points. The present volumes analyze and summarize the opinions voiced. The material is handled under the following heads: "Is adequate medical care now available?"; "General principles"; "Medical education"; "Specialization"; "Group practice"; "The place of the hospital"; "Public health organization"; "Experimentation"; "State medicine"; "Health insurance"; "Limited state medicine." Under each heading, where there are important differences of opinion, the opposing views are placed in apposition and in general the doctors are allowed to

speak for themselves. Convenient summarizations of the prevailing trend of opinion are given at the beginning or end of each section.

The leadership of organized medicine in this country hitherto has been, to put it mildly, conservative. In general the official spokesmen of the profession have taken the view that as concerns the provision of medical care, "God's in His heaven, and all's well with the world." The restiveness of the public under the existing dispensation has been construed as due solely to the propaganda of foundations, eager to justify their existence, and to the machinations of social workers and lay "meddlers," eager to make jobs for themselves under the state medicine schemes they proposed. The present report shows that the body of the profession does not endorse that attitude. For, plainly, the contributors to this report are acutely conscious that all is not well in the realm of medical care. They know that the public is not getting adequate care; that the quality of care is not as high as it should be; that for the mass of people the costs of treatment in severe illness are a problem; that there are inefficiencies and wastes in the provision of care; that competition forces some physicians to harmful and unworthy practices; that if people are to get better care further governmental action is required.

The divergence of opinion here shown to exist between the leaders and the general body of medical practitioners is bound to affect future social policy in medicine. For in so far as apparent medical opposition held up advancing legislation in this field, the force of that obstacle has now been weakened. From this point of view alone, the report is both timely and important. Indeed to it may perhaps go some credit for the change in attitude evidenced at the recent (June) meeting of the House of Delegates of the American Medical Association.

As an analysis of the social or economic problems of medical care, the report has its limitations, not the least of which is its length. The economist who for the first time wants to learn something about the economics of medical care, may do well to gain his introduction into the subject through some other medium. But the report ought not to be judged on other than its own grounds. Its purpose was to show what the doctors think about the situation, what they think ought to be done about it; and that purpose is admirably fulfilled.

In a word, what do the doctors think needs to be done? They are opposed almost unanimously to state medicine and compulsory health insurance or at least to what they understand is indicated by these terms. They have come to believe that the problem of medical care for the so-called indigent cannot be handled privately and that its burden should not be thrown upon the profession. They are in favor of use of tax funds to pay the physician for services to this group and to provide hospitalization. When they quit generalizing and get down to specific problems, then it is apparent that an impressive weight of medical opinion favors extension of government

action in many directions: further governmental support of hospitals, extension of the facilities of tax-supported laboratories, government support of medical education and research; intensification of government effort against certain major health hazards, chiefly, tuberculosis, the venereal diseases, certain chronic diseases. In short, as the editor remarks, "To put it bluntly, medical men that have the medical needs of the population in mind . . . are not opposed to an increasing degree of 'state medicine,' however much they may be opposed to a thorough-going governmental medical system—and most of them are."

LOUIS S. REED

Washington, D.C.

The Tenements of Chicago: 1908-1935. By EDITH ABBOTT, assisted by SOPHONISBA P. BRECKINRIDGE and Other Associates. (Chicago: Univ. of Chicago Press. 1936. Pp. xx, 505. $5.00.)

This substantial volume contains more information about housing in Chicago than is available in any other publication or set of publications now available. Because Chicago represents in extreme degree the physical growth and conditions of many large and medium-sized cities, particularly in the Middle West, this is an important book for all students of housing conditions and problems. It is historical and descriptive. Partly for this reason it is not easy reading, but it will repay the careful study of anyone who wants to know what he is trying to cure before he applies his remedies.

Over twenty-five years ago Miss Abbott began to survey housing conditions among the poorer wage-earners of Chicago. This work has been continued by her associates and students at the University of Chicago. Naturally the schedules and methods were changed somewhat in the light of experience, but many of the items were kept unchanged throughout the entire period of the studies. In the post-war years the same districts were re-canvassed and some new ones added to the sample. In these facts lie the chief value of the book. The similarity of the survey schedules, the method of canvassing and the areas covered at different times during the quarter century included in the studies make possible descriptions and estimates of changes and trends in the housing of low-income families under conditions of mild laissez faire, modified only by mediocre police power restrictions, indifferently enforced. In fact I believe that on some points Miss Abbott might have made even more than she did of the comparisons of conditions at different times covered by her studies by giving exact dates of canvassing and re-canvassing the sample areas. The general picture, however, is clear enough.

The book begins with a résumé of the growth of Chicago from approximately 1833 to 1893. This is followed by a chapter on tenement house legislation. Sample areas included in the studies are then described in a

chapter of about 100 pages. This is followed by a series of chapters on tenement types, the problem of congestion, tenement rents, lodgers, boarders and non-family groups, and other similar specialized phases of the subject. One of the last chapters outlines the policies of Chicago relief agencies concerning the payment of rent in 1931 to 1933. The final chapter draws the general conclusions and makes a few short comments on the current trends in housing thought and practice.

In general, Miss Abbott shows that some improvement in living conditions in poorer residential districts of Chicago has taken place during the last quarter century. Most of the improvements, however, are related to the practical disappearance of the horse as a resident of these same areas, with the resulting betterment of the conditions of streets, alleys and outbuildings. The more common utility services, such as water and light, have found their way into a large proportion of the poorer quarters. A few types of betterment have come from stopping the flood of immigration. The essential conditions of slum life, however, have maintained themselves without much change. Congestion of land and buildings, rear-houses on long, narrow lots, poor maintenance, bad ventilation, inconvenience, discomfort and lack of privacy are almost what they were when these studies began. The districts surveyed vary widely in their characteristics and some have shown greater changes than others. The general picture, however, is one of stagnation and inertia that seems all the more regrettable when compared with the tremendous strides in standards and habits of life of the middle and upper classes during the same period.

Such a solid, unspectacular piece of work not only shows the complexity and difficulty of the major housing problems but, almost without reference to the many easy solutions offered, convinces the reader of the shallowness of most of them and the insincerity of many of their advocates. The old fallacy of overbuilding for the middle classes in the hope that the lower income families would benefit automatically by the handing-down process is only one example of this. On the other hand, it should take little reflection by anyone who has read this book to see that some of the current housers, who look upon the problem as primarily an architectural or building one, have a lot to learn if they are not to appear equally stupid and ridiculous in the years to come.

Although Miss Abbott is listed as the author of the book, in the preface she points out the large amount of work done by her associates on the faculty of the School of Social Service Administration (of which Miss Abbott is dean), as well as the contributions made by her former students. Eight of the sixteen chapters are listed in the table of contents as written by these friends and students. This fact to me is more than an incident in the preparation of this book. One of the real needs of present-day housing is the interest and help of trained and intelligent persons not only in studying

existing conditions and problems, but in devising and administering what seem to be the most likely remedies. Judging from its general political and economic atmosphere, Chicago would certainly be one of the last places one would expect a substantial start to have been made in any one of these phases of a housing program. Here, however, is a genuine contribution worked out over a quarter of a century by a group of persons whose chief interests and activities have been in other, although allied, fields. One can only hope that other communities will find equally valuable resources for the hard work that lies ahead if progress is to be made in providing decent housing for those who need it.

COLEMAN WOODBURY

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The Science of Social Adjustment. By JOSIAH STAMP. (New York: Macmillan. 1937. Pp. vi, 174. $2.25.)

The possibly fatal distortion, discordance and confusion in the set-up of our civilization have resulted in many books that try to understand the causes and character of the trouble, and frequently try to set standards and goals of improvement in general philosophical and sociological terms. Sir Christopher Dawson, Oswald Spengler, J. Jaspers, Ortega y Gasset, S. de Madariaga, André Gide, Huizinga, are a few names in point. Sir Josiah Stamp's aim is a different one. In the avowedly fragmentary lectures assembled in the present book, he starts out into an almost virgin field of exploration.

He is interested less in the question of what changes there should be than in the degree of friction and distortion produced by the impact of scientific evolution for the purpose of purchasing social progress. He is furthermore interested in the education of scientists who are often too much wrapped up in special studies and viewpoints for a more comprehensive attack on social problems. In particular, he wants to see the most desirable, closer and more scientific coöperation and coördination of economics, theoretical politics and sociology. For this he offers some suggestions in his last chapter. Finally, he is anxious to discuss and suggest methods of quantitative measurements of frictions and distortions between the different phases of the social process which, it seems, would be in turn the condition for some measurement of progress in the sense of orderly absorption of innovation into economic progress.

It is hardly necessary to introduce to the reader Sir Josiah Stamp as a scholar, as a statesman and as a leading business man. The book shows the traces of all these facets of his personality. Eminently English is his reluctance to enter into political and dogmatic discussion about the advantages of some form of totalitarian control of social life; also his sense for

continuity and for the advantage of gradual adjustment, aiming at what he calls regulated individualism. The scholar Stamp gives us the fruits of a mind eminently disciplined and trained in diversified scientific procedures and fields, and amazingly well and widely read. His interests as displayed in this book extend from economics, political science and sociology to technology, eugenics and philosophy. The statesman and business man add to the fruits of learning those of experience which make, for instance, chapter 3 on "The calculus of plenty" fascinating reading.

To Stamp, planned adjustment means a scientifically controlled synchronization and continuous mutual adjustment between the different phases of social life. Safety in society seems to depend on ideally controlled motion rather than rigidification and static rest. He rightly accuses many modern planners of tending too much in that direction. However, as he accepts the present declining trend in birth rate and its structural consequences for society rather dogmatically as final, we cannot see how he can escape similar consequences, when the dynamic forces in social life, such as science, invention, technological progress, are to be harnessed to a fundamental highly static or rather negatively dynamic condition. As far as we can see, the book gives no answer to this question.

His suggestion for methods of measurement seems to indicate the objects rather than the methods, particularly in his otherwise brilliantly written discussion of technocratic fads about poverty amidst plenty and in his subsequent discussion of the impact of differently shaped demand and supply curves, "bottle necks" of production, consumption, etc., on the economic process. These shortcomings are, of course, inevitable in pioneer work.

There is, however, one fundamental doubt about the author's approach and method which the reading of his volume has left in this reviewer's mind. He seems to pin his hopes for continuous fairly well adjusted social life primarily, if not exclusively, on human intelligence and scientific activities, on fully conscious conduct of social life. We wonder whether this does not mean burdening science with too heavy a task and assuming rather weak foundations for the persistence of civilized life.

Even disregarding religion and revelation as just as elementary and primary sources of truth as science, does not the fact remain that ethical standards and conventional rules of behavior, based on religion and on the emotional sanctions of tradition as they largely are, are at the same time a set of more or less frozen and standardized rules of social behavior and adjustment, controlling an endless number of social relations and activities, bridging an endless number of social discrepancies and incongruities? When subjected to intelligent analysis, many of them would become unbearable.

Is society governable in any sense without this support of faith, and tradition? Can this sphere be planned and in what sense and in what way?

Is scientific procedure productive or counter-productive in this sphere? It seems to the reviewer that the science of social adjustment cannot forego facing these problems as the author does, despite some casual remarks about the necessity of adjustment between science and ethics.

HERBERT VON BECKERATH

University of North Carolina and Duke University

NEW BOOKS

ARNETT, T. *Observations on the financial condition of colleges and universities in the United States, with special reference to the effect of current interest rates on endowment income.* Occasional papers no. 9. (New York: Gen. Education Board. 1937. Pp. 25.)

ASCOLI, M. and LEHMANN, F., editors. *Political and economic democracy.* (New York: Norton. 1937. Pp. 336. $3.)

BAKER, H. *Social security.* (Princeton: Princeton Univ. Dept. of Econ. and Soc. Institutions. 1937. Pp. 31. 25c.)

BAKER, H. C. and ROUTZAHN, M. S. *How to interpret social work: a study course.* (New York: Russell Sage Found. 1937. Pp. 79. $1.)

BARRETT, T. and SPAETH, L. B., JR. compilers. *What about dollars? Consumer education.* (New York: McClure Pub. Co. 1936. Pp. vi, 305.)

BROOKS, L. M., and others. *Manual for southern regions, to accompany Southern regions of the United States, by Howard W. Odum.* (Chapel Hill: Univ. of North Carolina Press. 1937. Pp. xiv, 194. $1.)

BROWN, E. L. *Physicians and medical care.* (New York: Russell Sage Found. 1937. Pp. 202. 75c.)

CLARK, F. I. *The position of women in contemporary France.* (London: P. S. King. 1937. Pp. 259. 12s. 6d.)

The problem of explaining the position of French women to nationals of other western countries is always puzzling. They are nominally without power and yet they probably exercise more power in concrete business ways than any other western women. They make no particular issue of the right to work after marriage, but they often have more duties and responsibilities in supporting the family than their husbands, particularly if they belong to the shop-owning classes.

The writer of this book has attempted to give precision to—and in some cases to correct—the general impressions of French women's place in economic and social life. The study includes not only economic position, but also place in education and religion, legal aspects of marriage and the feminist movement.

According to recent figures obtained by the writer from the feminist movement in Geneva, 42.3 per cent of the feminine population of France is occupied in remunerative work, whereas in England the number of women so occupied is only 25.5 per cent (p. 78). In the older types of manufacture, particularly in textiles, their history and present position is not far different from that of their sisters in other industrial countries. But the author finds that there is a group of at least sixteen more recently industrialized products in which women favor to a growing extent occupations which were formerly the monopoly of men. For example, they are now found in rapidly increasing numbers in mechanical construction, in the rubber industry and in the manufacture of motor cycles and cars. For all such industrial occupations the author has gone to a

considerable amount of trouble to unearth material about wages and hours.

The entrance of middle-class women into the professions came later than the appearance of working-class women in industry. They are not yet numerous in medicine or dentistry, but science has given them a rather considerable opportunity. In chemistry, where the demand from industries is important, the avenues are widening every day. Law, "one of the last strongholds of the masculine citadel," fell in 1884-85 when two women students, foreigners, were admitted at Paris. Three years later the first French woman entered. Their activities in this field are, however, still limited. One of the activities of French women which interests foreigners most is that of woman factory superintendent. By 1931 there were 139 such posts filled by women. The duties of such positions are not standardized. In the larger plants the woman superintendent is likely to be superintendent of staff, and in the smaller a kind of general social worker.

This volume is an eye-opener for people who, arguing from the fact that the French woman is denied the suffrage, assume that she is exclusively occupied with the management of her home and her children. It might have had a more general reading if it had been written more popularly; but apparently the writer believed that too much of the popular and too little of the heavily factual had been written on this subject and decided to make her contribution in the form in which it was most needed.

AMY HEWES

COHEN, J. X. *Jews, jobs, and discrimination: a report on Jewish non-employment.* (New York: Am. Jewish Congress. 1937. Pp. 31.)

DAVIS, M. M. *Public medical services: a survey of tax-supported medical care in the United States.* (Chicago: Univ. of Chicago Press. 1937. Pp. ix, 170. $1.50.)

DOLLARD, J. *Caste and class in a southern town.* (New Haven: Yale Univ. Press, for Inst. of Human Relations. 1937. Pp. 502. $3.50.)

FRIEDRICH, C. J. *Constitutional government and politics: nature and development.* (New York: Harper. 1937. Pp. xvi, 591. $3.50.)

HARTLEY, L. *Is America afraid? A new foreign policy for the United States.* (New York: Prentice-Hall. 1937. Pp. xi, 462. $2.50.)

HUSTON, W., compiler. *Social welfare laws of the 48 states.* 1937 rev. master ed. (Seattle: Wendell Huston Co. 1937. Pp. 1000. $12.50.)

KURTZ, R. H., editor. *Social work year book, 1937.* 4th ed. (New York: Russell Sage Found. 1937. Pp. 709. $4.)

More than a ready reference to recent laws, altered methods and new organization, this fourth annual issue for 1937 offers an authentic gauge of the speed and variety of social change in America. Social scientists, whether bent on mere fact finding or on material for penetrating analysis of contemporary culture, will find this volume well nigh indispensable.

EDWIN S. BURDELL

LAIDLER, H. W. *Looking forward: outlines for discussion and action, 1937.* (New York: League for Industrial Democracy. 1937. Pp. 30. 10c.)

LEE, A. M. *The daily newspaper in America: the evolution of a social instrument.* (New York: Macmillan. 1937. Pp. xiv, 797. $3.50.)

LEE, P. R. *Social work as cause and function, and other papers.* (New York: Columbia Univ. Press. 1937. Pp. 280. $2.50.)

LEWINSOHN, R. *The profits of war through the ages.* Translated from the French by GEOFFREY SAINSBURY. (New York: Dutton. 1937. Pp. 287. $3.)

MYERS, A. F. and WILLIAMS, C. O. *Education in a democracy: an introduction to the study of education.* (New York: Prentice-Hall. 1937. Pp. xxvi, 434. $3.)

OGBURN, W. F. *Social characteristics of the cities.* (Chicago: Internat. City Managers' Assoc. 1937. Pp. 70. $1.)

OVERSTREET, H. A. *A declaration of interdependence.* (New York: Norton. 1937. Pp. xii, 284. $3.)

In the words of Professor Overstreet his book is "an attempt to write a social philosophy from a present-day American point of view." An unintended revolution brought about by the inventive genius of man has failed to carry with it the proper advancement of human well-being. America faces "the problem of taking these triumphs of man's genius and removing from them all possible traces of tragedy." The theme of the book is developed in terms of the clash between the philosophy of Jefferson and that of Marx. Jefferson living in a pioneering economy was led to place his faith in individual effort and the power of the individual to defend and extend his rights. Marx "disappointed" in the manner in which "new instruments for the release of man's powers" had been used "not for man's sake but for some men's sake" developed a philosophy of economic determinism and of class struggle as the ultimate way out for the liberation of man.

Professor Overstreet believes that America of to-day is caught between these two viewpoints. We still retain faith in the ideal of individual effort and liberty, but the evolution of our economic system has created a "long train of abuses" which have diverted our thoughts from Jefferson to Marx. The book is very well written and stimulating to the reader. The professional economist will find little that is new and will regret the absence of an analysis of the economic forces that have been so directly responsible for the situation Professor Overstreet describes—the minute division of labor, technological advances especially on the farm, the remarkable increase in the extent of markets. However, a humble economist must admit that books of the sort here under review can reach the lay reader and influence his thought in a manner that unfortunately appears to be closed to the professional specialist.

WILLIAM W. HEWETT

ROBBINS, L. *Economic planning and international order.* (London: Macmillan. 1937. Pp. xv, 330. $2.50.)

SCHMIDT, E. P., editor. *Man and society: a substantive introduction to the social sciences.* (New York: Prentice-Hall. 1937. Pp. xv, 805. $5.)

SPRING, G. M. *Nationalism on the defensive.* (Glendale, Calif: Arthur H. Clark. 1937. Pp. 55. $1.50.)

WALKER, W., editor. *Child welfare case records.* (Chicago: Univ. of Chicago Press. 1937. Pp. 596. $3.)

WOODBURY, C., editor. *Summary of hearings on the Wagner Housing bill before the Committee on Education and Labor of the United States Senate, April 20-29, 1936.* (Chicago: Nat. Assoc. of Housing Officials. 1936. Pp. viii, 78.)

WORBY, J. *The other half: the autobiography of a tramp.* (New York: Lee Furman. 1937. Pp. 307. $2.50.)

L'autarcie: la corporation devant la doctrine et devant les faits. Travaux du Congrès des Economistes de Langue Française, 1936. (Paris: Domat-Montchrestien. 1936. Pp. 235. 40 fr.)

The discussion of the first topic which the economists of the French language had chosen for their convention in 1936, national and imperial

self-sufficiency, brought nothing new to the professional economist. As on many similar occasions, an almost unanimous opinion of economic experts, disapproving the trend toward ultra-protectionism, was expressed for the benefit of cabinet ministers, government officials, and parliamentarians who may—such is the untiring hope of the profession—take cognizance of the debates.

On the second topic, corporate institutions, there was an excellent report by *DeLeener* (Brussels), containing a valuable survey of French literature. In the light of this report it seems necessary to question the widespread opinion that the ideology of the modern corporationists is exclusively a common product of Latin syndicalism and German conservative neo-romanticism; perhaps a certain brand of French conservatism may be an equally important root. None of the speakers expressed a strong belief in the corporate state and most of them were entirely out of sympathy with it; the fact was stated that, whatever corporatism may mean if established as a real government by corporations, it can certainly not exist in the totalitarian states which have government by dictators; and that therefore the so-called corporative system in Italy and some other countries is at best an ideology to which no reality corresponds.

In spite of a high degree of unanimity, there was much bewilderment in the discussion, due to what seemed to some speakers an inadequate definition of the subject. In fact, what caused confusion was an inescapable difficulty of the subject rather than a problem which could have been solved by neatly elaborated criteria. One may confine a discussion of the corporate system to those regimes in which corporations have superseded parliaments or political parties or both; then the subject is clear-cut, but the treatment will necessarily be superficial, because it will neglect the many institutions of vocational representation which exist in modern parliamentary democracies and which, through their growth, have suggested the idea of the corporate state as a modern program. Or one may take all these institutions into consideration, as the French economists tried to do. But then the subject becomes not only oversized but impossible to discuss without much more research in advance than can be expected for one individual convention. Up to now, most of the monographs which would be necessary to prepare for a broad debate on corporative institutions are still unwritten. We do not even possess, so far as this writer knows, a good modern comparative study, written from an international scope, on agencies for social arbitration.

CARL LANDAUER

The economics of isolation. Pamph. ser. no. 5. (Philadelphia: Am. Acad. of Pol. and Soc. Science. 1937. Pp. 54. 50c.)

Authorized reprint of a series of articles appearing in the *Manchester Guardian Commercial* of Manchester, England, July, 1936, to January, 1937.

Etudes économiques: thèses présentées à la "Licence en Sciences Commerciales" en mai 1936. (Montreal: L'Ecole des Hautes Etudes Commerciales. 1936. Pp. 557. $5.)

The subjects discussed in the papers presented are the commercial policy of Canada since 1930, the present and future of the garment industry, new tendencies of portfolio investment, an account of the economic geography of the region between Quebec and Three Rivers, the population problems of the province of Quebec, the problem of distribution in Canada, the control of stock issues, domestic industry, the rôle of commodity exchanges, agricultural

coöperation in Denmark, Japanese competition and world repercussions, and municipal credit in the province of Quebec. Each paper has a bibliography, and the volume is a record and a tribute to the work in economics in French Canada.

H. A. I.

Public affairs pamphlets: an index to inexpensive pamphlets on social, economic, political, and international affairs. Compilation rev. Feb., 1937. (Washington: Supt. Docs. 1937. Pp. 85. 10c.)

Classified lists of pamphlets especially designed for public forums, issued by the federal office of education.

Readjustments required for recovery. Public affairs pamph. no. 11. (Washington: Public Affairs Committee. 1937. Pp. 32. 10c.)

A summary of the study published by the Brookings Institution, entitled *The recovery problem in the United States,* prepared by Maxwell S. Stewart.

Real property inventory of Allegheny County: a survey of housing and related conditions conducted, with federal work-relief funds, in coöperation with the Federal Civil Works Administration of Pennsylvania, the State Emergency Relief Board of Pennsylvania, the United States Department of Commerce, and the Federal Works Progress Administration. (Pittsburgh: Univ. of Pittsburgh Bur. of Bus. Res. 1937. Pp. x, 311. $5.)

The data were collected in 1934 and pertain to a house-to-house canvass of 310,000 dwellings. Statistics cover materials of construction, condition, age, rentals, number of rooms, lighting and toilet facilities, period of occupancy by present dwellers, and other related data.

Status of city and county planning in the United States. (Washington: Nat. Resources Committee. 1937. Pp. 61.)

Insurance and Pensions

Sickness and Insurance. By Harry Alvin Millis. (Chicago: Univ. of Chicago Press. 1937. Pp. vi, 166. $2.00.)

The rapid advance of the movement for social security in the United States in recent years is properly regarded as one of the most convincing evidences of a changing national point of view toward social legislation. The appearance of scientific studies of sickness insurance indicates that this form of protection may soon be added to unemployment and old-age insurance.

Taking the findings of such agencies as the Committee on the Costs of Medical Care as his point of departure, the author presents in three chapters, respectively, a statement of the problem of sickness; an analysis of the compulsory health insurance movement abroad; and a discussion of the movement for health insurance in the United States, together with a suggested plan. Next to unemployment, sickness is viewed by the author as the largest problem in the whole field of social insurance. European experience, particularly that of Germany, Great Britain and France, is examined with

a view to the discovery of the conditions of success and the causes of failure. A preliminary sketch of the development of the health insurance movement in the United States is followed by a careful study of the attempts to solve the problem of medical care through voluntary plans.

Although the author recognizes that compulsory health insurance is necessary, especially for the lower income classes, he points out that any general plan advanced for the United States must be adjusted to the peculiar conditions of this country and must avoid the weaknesses of European schemes. The program which he is inclined to favor consists of compulsory sickness insurance, with the widest possible distribution of costs among the beneficiaries, assisted by public revenues wherever necessary. The scheme must be formulated in such a way as to preclude malingering and unreasonable demands for excessive service and the more expensive types of medical care. The plan favored would include an extended and improved public health service; amendment of the Social Security act to provide cash benefits for wage-earners disabled by illness; appropriate tax-supported medical care for special groups, such as needy mothers and children; and organized medical care of persons in the lower income groups when involved in high-cost illness.

The author's treatment of the whole problem of sickness and social insurance is thorough, objective and constructively critical. Statistical evidence is weighed with balanced discrimination. The literature in this field is already voluminous, but this study will rank as one of the ablest summaries that has yet appeared.

GORDON S. WATKINS

University of California at Los Angeles

NEW BOOKS

CAM, G. A., compiler. *The Social Security act: a selected reading list.* (New York: N. Y. Public Lib. 1937. Pp. 9. 10c.)

LE VITA, M. H. *An arithmetic of life insurance.* (New York: Life Office Manag. Assoc. 1936. Pp. xii, 132.)

LINTON, M. A. *Life insurance speaks for itself.* (New York: Harper. 1937. Pp. 121. $1.50.)

NORCROSS, C. *Lump-sum settlements in workmen's compensation.* (New York: Rehabilitation Clinic. 1936. Pp. 126. $1.)

NORTON, T. L. *Old age and the Social Security act of 1935.* (Buffalo: Univ. of Buffalo School of Bus. Admin. 1937. Pp. 116. $1.)

O'DONNELL, T., compiler. *History of life insurance in its formative years.* (Chicago: Am. Conservation Co. 1936. Pp. 844.)

SHEPARD, H. B. *Forest fire insurance in the Pacific Coast states.* U. S. Dept. of Agric. tech. bull. no. 551. (Washington: Supt. Docs 1937. Pp. 168. 20c.)

Comparative analysis of eighty American insurance companies as of December 31, 1936. (New York: G. M.-P. Murphy. 1937.)

Unemployment compensation: what and why. Pub. no. 14. (Washington: Social Security Board. 1937. Pp. 57.)

Pauperism, Charities, and Relief Measures

NEW BOOKS

CROSS, W. T. and CROSS, D. E. *Newcomers and nomads in California.* (Stanford University: Stanford Univ. Press. 1937. Pp. 158. $1.50.)

KAHN, D. C. *Unemployment and its treatment in the United States.* (New York: Am. Assoc. of Social Workers. 1937. Pp. 105. $1.)

LANSDALE, R. T., and others. *The administration of old-age assistance in three states: Massachusetts, New Jersey and New York.* (Chicago: Public Admin. Service. 1936. Pp. 78. $1.)

WOOD, K. D. *Urban workers on relief.* Part II. *The occupational characteristics of workers on relief in 79 cities, May, 1934.* Res. monog. iv. (Washington: Works Progress Admin. 1936. Pp. xx, 301.)

Case work in public relief. Reprint of nine articles from *The Family.* (New York: Family Welfare Assoc. 1937. Pp. 32. 35c.)

One year of W. P. A. in Pennsylvania, July 1, 1935-June 30, 1936. (Harrisburg: Works Progress Admin. for Pa. 1936. Pp. 139.)

Planning of public works in relation to employment. Internat. Labour Conf., 23rd sess., rep. iii. (Geneva: Internat. Labour Office. 1937. Pp. iv, 273.)

West Cumberland. Report of the Labour Party's Commission of Enquiry into the Distressed Areas. (London: Labor Party. 1937. Pp. 24. 1d.)

Socialism and Coöperative Enterprises

Coöperative Enterprise. By JACOB BAKER. (New York: Vanguard. 1937. Pp. xv, 266. $2.00.)

This personal report from a member of the President's Inquiry on Coöperative Enterprise attempts to fill the outline of official statements with particularized and interpretative material presented with "definitely personal opinions" (p. viii). The objectives seem to be (1) to analyze the coöperative as differentiated from the private organization of business by its methods, its underlying motives and its purposes; (2) to present the work and achievements of the coöperative organizations throughout the world; (3) to woo to the support of the coöperative movement active adherents in the United States. Enthusiasm for the cause is somewhat more tempered than it is in the case of many who see in the growth of the coöperative organizations a dike to shut back the spread of communism and fascism. But Mr. Baker does insist that here is a method of raising wages and scales of living; of educating individuals to a recognition of and acceptance of democratic economic responsibility.

In view of that later opinion one is struck with the statement that "in Northern Europe generally it is said that only about 5 or 10 per cent of the membership votes" (p. 76). Political democracy, as it is in the United States, has a better record than this. The answer is, of course, "that democratic control exists, and that if members do not come out to vote they are satisfied with the work being done." The same is argued for universal suffrage as the key to democracy. The problem would seem to be in educating people to take an interest whether or not things are going right

or in developing greater acumen in determining whether things are going right. Have the coöperatives the answer?

There are other statements which raise doubts as to their evaluation. For instance, "The great bulk of their members are workers with reasonably steady jobs and fair pay" (p. 81) and, "The prices in consumer's coöperatives are too high for the very poor" (p. 81), with farther on, "Organization of the general purpose type of coöperatives can advantageously be forwarded in such areas as the southern mountain regions and in areas of the United States where there are stranded populations" (p. 206). If the people mentioned work with "reasonably steady jobs" and a fair rate of pay, it has not been discovered.

The writer also suggested that coöperative farming combining "coöperation in production, production by coöperation, coöperation in exchange, and coöperative consumption . . . may become an increasingly important method of meeting the problem of the share cropper and the tenant" (p. 207). This seems to indicate that the way out for the crystallized rural poverty of the South is by increasing the productivity of depleted acres without greatly altering the ratio of human beings to amount of product and sharing coöperatively the beauties of a subsistence scale of living.

Another idea presented which will cause violent disagreement from many sources is that "a common concern for keeping as much as possible of the income at home is one of the important unifying influences in some of the regions of the United States" (p. 194) and that "anything which contributes to regional self-sufficiency and to decentralization of wealth strengthens the national economy" (p. 195). An economic treatise dealing with the fallacies explicit and implicit in this statement is not in place here. As a citizen of a state which for years has watched the vast wealth of its natural resources drained to the East by northern corporations, this reviewer feels that it would be little less than a calamity if the citizens of Texas should add to their present apathy and ignorance, a belief in coöperation as the "only method of industrial organization" (p. 195), which assures that the gain will go to the users. One can almost hear the chortles of sulphur barons, of large oil corporations, of lumber kings and shipping companies. There is no suggestion that the coöperative method is at present or in the near future fitted to take over "certain segments of economic enterprise" (p. 45).

Other criticisms of like tenor might be made but they deal with theoretical and opinion aspects only. As a collection of facts in regard to coöperation and coöperatives, the book is a satisfactory and a readable piece of work.

RUTH A. ALLEN

University of Texas

NEW BOOKS

CASEY, J. *The crisis in the Communist Party.* (New York: Three Arrows Press. Pp. 23. 10c.)

Von Mises, L. *Socialism: an economic and sociological analysis.* Translated by J. Kahane. (New York: Macmillan. 1937. Pp. 528. $5.50.)

This book is an English translation of the second, considerably revised, German edition of the author's *Die Gemeinwirtschaft* which was published in 1932. The first edition appeared in 1922. The author assisted in the translation and added material which does not appear in the German edition. It is divided into five parts: liberalism and socialism, the economics of a socialist community, the alleged inevitability of socialism, socialism as a moral imperative, and destruction.

"My book," says the author, "is a scientific inquiry, not a political polemic." His definition of socialism is "a policy which aims at constructing a society in which the means of production are socialized." The position taken is one of strong opposition to socialism. The method followed is wholly deductive. The present-day widespread conduct of enterprise by governments is discussed, or rather alluded to, without any use of statistical data. Indeed, the only figures used in the book are those employed to number the pages, sections, and footnotes. And there is no discussion of the operation of the economy of the Soviet Union, although there are a few references to it. The book not only suggests that the writing was done in an ivory tower but in the pre-war period.

The central theme is that socialism is impracticable, because "in a socialist economy economic calculation would be impossible. . . . Where there is no market (and . . . elimination of the market, . . . is the fundamental aim of socialism), there is no price system, and where there is no price system there can be no economic calculation. . . ." The author states that Russia would long ago have collapsed if not supported by finance from capitalist countries, and that socialism by inner necessity will lead to the gradual consumption of capital. Furthermore, under socialism there can be "no freedom of choice in occupations" and no "connection between the yield of labor and the income of the laborer"; hence productivity will be reduced.

Under private ownership all of the above difficulties are resolved. " . . . the scale of values is the outcome of the actions of every independent member of society. Everyone plays a two-fold part in its establishment first as a consumer, secondly as a producer. . . . As producer, he guides production-goods into those uses in which they yield the highest products . . . in this way, arises the exactly graded system of prices which enables everyone to frame his demand on economic lines." Workers would not be unemployed "if they did not act as trade unionists, but reduced their demands and changed their locations and occupations according to the requirements of the labor market." Even the population problem which we are told would offer difficulty under socialism is no problem at all under capitalism since "motives . . . in a society based on private ownership of the means of production harmonize the number of births with the limitations of the means of subsistence. . . ."

There is grave need today for careful consideration of the problem which Von Mises considers. Government regulation and government ownership and operation are being extended rapidly in all capitalist countries, and socialism is a going concern in Russia. Critical and thorough analysis of the problems involved and of the results achieved is needed. Panegyrics concerning capitalism and *a priori* diatribes against socialism do not help. It is even doubtful if much help is to be found in the voluminous writings of the nineteenth century socialists, a review of which is by far the best part of the book under consideration.

H. Gordon Hayes

ZHDANOV, A. A. *Organizational problems of the Communist Party.* (New York: Workers Lib. Pubs. 1937. Pp. 47. 10c.)

Constitution (fundamental law) of the Union of Soviet Socialist Republics, adopted at the extraordinary eighth congress of the Soviets of the U. S. S. R., December 5, 1936. (New York: Internat. Pubs. 1937. Pp. 48. 10c.)

Report of the Inquiry on Coöperative Enterprise in Europe, 1937. (Washington: Supt. Docs. 1937. Pp. 321. 65c.)

The group of six—one woman and five men—appointed by President Roosevelt last year to inquire into the coöperative movement in Europe, present their findings in this Report. The Report includes a general description of the methods and relationships of coöperative enterprise in ten countries—England, Scotland, Ireland, France, Switzerland, Czechslovakia, Norway, Denmark, Sweden, and Finland— a short account of nine local coöperative societies in these countries, and individual interpretative comments by the members of the Inquiry. Appendices are added to give the historical background of coöperation in each of the countries visited, to make special mention of coöperative housing projects and rural electric coöperatives, and to present statistical information on the growth and extent of the coöperative movement.

The section of the Report that deals with the methods and relationships of coöperative enterprise answers questions that are most often raised by those whose interest is being aroused in consumers' coöperation. The fundamental principles of the movement are described, and the general types of coöperatives in Europe are noted. Attention is given to specific policies with reference to merchandising, financing, credit, labor, and agriculture. Two chapters are devoted to educational activities. The section closes with a description of the relationship between the coöperative movement and the State.

In their individual comments on the coöperative movement, four of the members of the Inquiry confine their attention to European countries, and the two others contribute timely observations on the coöperative movement in America as seen against this background of European experience.

The Report is excellently organized. The material is concrete and clearly presented. It should prove a valuable introduction to the subject for those whose interest has been stimulated in the last few years by the growth of the movement in this country. Those who have long been confident that consumers' coöperation will go far to remedy defects in our present economic order and obviate the need for drastic and fundamental departure from the general principles of capitalistic organization will find, on the whole, strong support for their assurance.

EMILIE J. HUTCHINSON

What is ahead of us? (New York: Macmillan. 1937. Pp. 192. $2.)

"The newest of Fabian lectures series, the first of which appeared in 1889."

Statistics and Its Methods

Business Cycles and Forecasting. By ELMER C. BRATT. (Chicago: Business Pubs. 1937. Pp. xiii, 501. $3.50.)

This book is undoubtedly one of the best yet to appear on the subject of business forecasting. Although the author assumes some knowledge of elementary statistics on the part of his readers, the treatment is sufficiently non-technical to make the book interesting and profitable reading to the novice in the field of forecasting. It is admirably adapted for use as a text and should prove as interesting to the student of cycle theory as to the professional forecaster.

According to the author's ideas, perpetual change is the rule of the economic system and the forecastability of such changes depends upon the extent to which change is logically explainable. To explain change one must know what economic changes have occurred and, more important, the reasons for the existence of such changes.

The second chapter treats changes of *seasonal* nature, the reasons for their existence, the methods of measuring them and whether or not such changes can be eliminated. As the author cautions, a removal of a seasonal variation for one industry may only shift it on to some other, as for example, eliminating a seasonal for producers by creating an inventory seasonal for retailers or consumers.

Chapter 3 discusses the concept of "normal." A normal level is usually held to exist when demand and supply are so adjusted that the market price of a product equals its marginal cost of production. Bratt prefers to relate normal to "quantity" rather than to value. Economic activity is normal, he holds, when the quantity of goods produced and the quantity consumed are equal, proper allowance having been made for depreciation, repairs, replacements and the like. Obviously, normal for one period is not normal for some other. A trend is thus a succession of normals but one cannot indiscriminately represent the trend by any one mathematical formula such as, for example, a line of least squares. As the author makes clear, each mathematical formula contains an assumption about the relationship between its component elements. The proper procedure for stating a trend mathematically is first to ascertain the relationship that exists and then to choose an equation which assumes that relationship. On page 43 he gives a list of available equations together with their assumptions.

The factors responsible for the business cycle are divided into (1) *originating causes,* such as wars, inventions, gold discoveries and other unpredictable events, and (2) *business responses.* The latter consist of typical reactions by entrepreneurs to existing situations and are to a limited extent predictable. The factors responsible for the cycle can be divided into *self-reinforcing* forces which tend to continue a movement in the direction it has started and *self-limiting* forces which tend to reverse it.

Several chapters are devoted to outlines of existing business-cycle theories and to historic descriptions of the amplitude, length and outstanding characteristics of past cycles. The author is inclined to ascribe the length and severity of the recent "great depression" to price rigidities, to over-production of durable consumers' goods, and to attempts to stave off bankruptcy. A business depression performs the necessary function of removing inefficient and unwanted enterprises from the economic activity. The unfortunate aspect of this cleaning-up process so necessary for long-run social progress is the unemployment that attends it. If a depression is not too long, even this effect is not without some social compensation. However, attempts to prevent deflation by semi-monopolistic price fixing or by government subsidies of inefficient producers has a tendency to turn what might otherwise be a short depression into a long one.

The forecasting of the business cycle depends upon information about business responses. Three chapters are given to a description of the value and shortcomings of existing statistical indices. The most logical method of forecasting is to examine available data for evidences as to the relative strength of the self-limiting and self-reinforcing forces at any given moment. A single net summation of these two forces would be ideal if only it were practical. Some statistics are presented to show that forecasting devices increase one's ability to guess the future. The book closes with a discussion of the problems involved in forecasting agricultural and security prices.

WILFORD J. EITEMAN

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Essai sur les Mouvements des Prix en France depuis la Stabilisation Monétaire (1927-1935). By JEAN-MARCEL JEANNENEY. Etudes Economiques, Tome I. (Paris: Sirey. 1936. Pp. xv, 257.)

This book is a collection of essays, some extremely brief, others rather long, of recent French price movements. A methodological introduction precedes a section devoted to the general price level's behavior in relation to the Fisher version of the quantity theory, the income theory, and the Keynes savings-investment theory. M. Jeanneney attempts the statistical measurement of the variables central to each of these theories. In view of the fact that the most of the data are annual, the author is to be excused for being hesitant about drawing conclusions.

In the second part of the book, the movements of selected groups of prices are described. Wholesale-, retail-, and service-prices are treated, with minor classification into industrial-, agriculture-, food-, import-, export-prices, etc. Some of the index numbers are subjected to Wesley C. Mitchell's dispersion technique. Data for the various categories are not equally complete, a circumstance beyond the author's control, but the procedure is not always the same. Regarding the lack of data on cartellized

price, M. Jeanneney cleverly emphasizes the lacuna by inserting a chapter of nine lines. In brief, the second part of the book parallels for France the work of F. C. Mills in the United States.

The concluding two-thirds of the book concerns itself with the prices of certain individual commodities such as milk, butter, cheese, sugar, cotton, coal and electric power. The amount of space given to each decreases as the list progresses. For the general student this material is tiresome reading; however, the person interested in the minutiae of French price movements will find this section helpful. The elaborate marshalling of the multitude of factors affecting the price of milk seems out of proportion. Only for sugar is an attempt made to measure elasticity of demand.

In the final chapter, certain tentative conclusions are made which emphasize the rôle of demand as a causal factor in price movements seemingly supporting the income theory. Finally on the last page, the possibility of devaluation is raised.

M. Jeanneney has made extensive use of official index numbers, which he considers critically, and has constructed many original ones, which he defends carefully. There are a great many charts, most of which are incompletely labeled and hence difficult to interpret. The omission of zero lines, especially on percentage scale charts is misleading. At least a broken scale would warn the reader's eye. However, these faults are common in economic publications, and should not be given much weight in evaluating the book.

The great store of factual information brought together is unquestionably useful to the student of contemporary French economic affairs. The economist, however, will not find much that is helpful in explaining why French prices rose after world prices had begun to fall and subsequently fell much more than world prices. Quotas, tariffs, exchange control, and exchange depreciation are mentioned without much heat. The reviewer is of the opinion that if the study had been oriented about the matter mentioned on the final page—namely, the stubborn maintenance of the franc at the 1927 par—the work would have been much more valuable.

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NEW BOOKS

CLARK, C. *National income and outlay.* (London: Macmillan. 1937. Pp. xix, 304. $4.50.)

DEAN, J. *Statistical determination of costs, with special reference to marginal costs.* (Chicago: Univ. of Chicago Press. 1936. Pp. xi, 145. $1.)

The principal objectives of this study, in Professor Dean's words, are "first, to investigate the potentialities and limitations of various statistical methods for analyzing cost behavior, with a view to developing practical procedures for determining the short-period behavior of average and marginal cost; and,

second, to examine by means of these methods the behavior of average and marginal cost for a particular manufacturing establishment."

There seems to be nothing fundamentally new in this study, but for comprehensive analysis of subordinate cost influences and for painstaking care in general, it is superior to any the reviewer has seen. Briefly, the method is as follows: (a) a physical measure of output of a multiproduct plant is constructed, using deflated standard cost as a basis; (b) the cost data are corrected and adjusted for various changes—prices of materials, wages, time lags, etc; (c) the author then studies, in what appears to be the most interesting part of the project, the effects of the most important operating factors on costs, by using these factors (output, number of new styles, size of production order, labor turnover, etc.) as independent variables in a graphic multiple correlation analysis; (d) finally, marginal costs are constructed and analyzed by two slightly different methods—(1) the more familiar one of forming a total cost function from average costs and differentiating the former, and (2) by transformation of the average cost function into one expressing total cost and then taking smoothed first differences or the first derivative of the latter.

Inasmuch as economists seem to be convinced of the high importance of marginal costs and revenue, studies of this kind will be particularly valuable in presenting business cost information in a form adaptable to ready examination by theorists. Particularly, Professor Dean's good handling of the marginal cost functions attributable to each independent influence is to be commended. One must remember, however, that the numerous assumptions, questionable cost allocations, the weaknesses of graphic correlation and the rather extensive spread around many of the regression curves force us to be as careful of any use we may make of this study as the author was in its development.

H. A. Freeman

Davis, H. T. and Nelson, W. F. C. *Elements of statistics with application to economic data.* 2nd ed. (Bloomington: Principia Press. 1937. Pp. xii, 434. $4.)

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Part I (pp. 1-45) is devoted to practical rules for making statistical tables. This includes stub and column headings, rulings, step intervals, and rounding off numbers. Part II is subtitled "Analysis and criticism of tables," and includes tables to illustrate typical aspects of good and bad procedure. The tables deal with data used in studies of the Teachers College at Columbia.

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LEWIS, E. E. *The measurement of purchasing power* (reply by W. F. Ferger). Jour. Am. Stat. Assoc., June, 1937. Pp. 12.

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MENDERSHAUSEN, H. *Annual survey of statistical technique: methods of computing and eliminating changing seasonal fluctuations.* Econometrica, July, 1937. Pp. 29.

RHODES, E. C. *The construction of an index of business activity* (with discussion). Jour. Royal Stat. Soc., part i, 1937. Pp. 49.

SCHOENBERG, E. H. and PARTEN, M. *Methods and problems of sampling presented by the urban study of consumer purchases.* Jour. Am. Stat. Assoc., June, 1937. Pp. 12.

SINGER, H. W. *Income and rent: a study of family expenditure.* Rev. Econ. Studies, Feb., 1937. Pp. 10.

SLAUGHTER, J. A. *Income received in the various states, 1929-1935.* Conf. Bd. Bull., Apr. 19, 1937. Pp. 5.

SPURR, W. A. *A graphic method of measuring seasonal variation.* Jour. Am. Stat. Assoc., June, 1937. Pp. 9.

THOMAS, P. J. and SETH, H. C. *National income of India.* Indian Jour. Econ., Jan., 1937.

THIRTY-FOURTH LIST OF DOCTORAL DISSERTATIONS IN POLITICAL ECONOMY IN PROGRESS IN AMERICAN UNIVERSITIES AND COLLEGES

Students whose period of continuous non-residence exceeds three years are omitted from the list. The last date given is the probable date of completion.

The first list of this kind was dated January 1, 1904, and was sent to all members, but not regularly bound in the publications. The subsequent lists have appeared in the publications as follows:

Second list, 1905, in third series, vol. vi, p. 737.
Third list, 1906, in third series, vol. vii, no. 3, supplement, p. 43.
Fourth list, 1907, in third series, vol. viii, no. 2, supplement, p. 43.
Fifth list, 1908, in the *Bulletin* for April, 1908, p. 69.
Sixth list, 1909, in the *Bulletin* for April, 1909, p. 16.
Seventh list, 1910, in the *Bulletin* for March, 1910, p. 12.
Eighth list, 1911, in the REVIEW for March, 1911, p. 212.
Ninth list, 1912, in the REVIEW for June, 1912, p. 59.
Tenth list, 1913, in the REVIEW for June, 1913, p. 527.
Eleventh list, 1914, in the REVIEW for June, 1914, p. 524.
Twelfth list, 1915, in the REVIEW for June, 1915, p. 476.
Thirteenth list, 1916, in the REVIEW for June, 1916, p. 499.
Fourteenth list, 1917, in the REVIEW for June, 1917, p. 485.
Fifteenth list, 1918, in the REVIEW for June, 1918, p. 459.
Sixteenth list, 1919, in the REVIEW for June, 1919, p. 433.
Seventeenth list, 1920, in the REVIEW for September, 1920, p. 692.
Eighteenth list, 1921, in the REVIEW for June, 1921, p. 388.
Nineteenth list, 1922, in the REVIEW for June, 1922, p. 380.
Twentieth list, 1923, in the REVIEW for September, 1923, p. 571.
Twenty-first list, 1924, in the REVIEW for September, 1924, p. 601.
Twenty-second list, 1925, in the REVIEW for September, 1925, p. 593.
Twenty-third list, 1926, in the REVIEW for September, 1926, p. 556.
Twenty-fourth list, 1927, in the REVIEW for September, 1927, p. 574.
Twenty-fifth list, 1928, in the REVIEW for September, 1928, p. 589.
Twenty-sixth list, 1929, in the REVIEW for September, 1929, p. 533.
Twenty-seventh list, 1930, in the REVIEW for September, 1930, p. 574.
Twenty-eighth list, 1931, in the REVIEW for September, 1931, p. 582.
Twenty-ninth list, 1932, in the REVIEW for September, 1932, p. 561.
Thirtieth list, 1933, in the REVIEW for September, 1933, p. 560.
Thirty-first list, 1934, in the REVIEW for September, 1934, p. 573.
Thirty-second list, 1935, in the REVIEW for September, 1935, p. 614.
Thirty-third list, 1936, in the REVIEW for September, 1936, p. 581.

The present list specifies doctoral dissertations completed and accepted by the various universities, and, in cases where a publishing company was reported, this has been given. Titles not marked "completed" are assumed to be still in preparation. It will be noted that some thesis titles in the field of sociology are omitted, inasmuch as a list is published in the *American Journal of Sociology.*

The list represents the status of the several theses on May 1, 1937.

It is to be regretted that this list does not include the titles of theses undertaken in the School of Business at Columbia University, as the names from this School came in too late for insertion.

Theory and Its History

MOSES ABRAMOVITZ, A.B., Harvard, 1932. Studies in the dynamics of competition. 1937. *Columbia.*

PAUL BARNETT, A.B., Howard, 1926. The development of business-cycle theories in the United States, 1860-1900. 1937. *Chicago.*

RUSSELL H. BAUGH, B.A., Southwestern State Teachers, 1924; M.A., Wisconsin, 1926. Economic equilibrium in theory and practice. 1937. *Wisconsin.*

EARL F. BEACH, A.B., Queen's, 1934. A measurement of investment. 1938. *Harvard.*

RICHARD M. BISSELL, B.A., Yale, 1932. Theory of interest on capital in relation to theory of trade cycles. 1938. *Yale.*

MARTIN BRONFENBRENNER, A.B., Washington, 1934. Monetary theory and general equilibrium. 1937. *Chicago.*

ALLEN BUCHANAN, Ph.D., California, 1937. Davenport's attack upon the concept of the social organism: a study of method in economics. Accepted.

SUNE LEONARD CARLSON, Ph.D., Chicago, 1936. A contribution to the pure theory of production. Accepted.

ROSE DIRECTOR, Ph.B., Chicago, 1932. The concept of capital in the classical economics. 1937. *Chicago.*

VERNON C. FOWKE, B.A., Saskatchewan, 1928; M.A., 1929. Stabilization of wheat prices in Canada. 1938. *Washington.*

MILTON FRIEDMAN, A.B., Rutgers, 1932; A.M., Chicago, 1933. The economic theory of commodity stocks. 1937. *Chicago* or *Columbia.*

JOHN O. GRAGG, B.A., Texas, 1924; M.A., 1930. The theory of saving in English political economy. 1937. *Texas.*

ERNEST W. GROVE, A.B., California, 1932. Lord King's law of currency. 1938. *California.*

EARL C. HALD, B.S., Nebraska, 1931; M.A., 1932. Monetary theories of Hawtrey. 1938. *California.*

ALBERT GAILORD HART, Ph.D., Chicago, 1936. Anticipations, business planning and the cycle. Accepted.

NORMAN S. HEANEY, B.S., Johns Hopkins, 1934. George Tucker. 1939. *Johns Hopkins.*

JOHN R. HODGES, B.A., Texas, 1929; M.A., 1933. An historical and critical study of the development of the concept of capital. 1937. *Texas.*

JOHN KENNETH LANGUM, B.A., Colorado, 1933; M.A., Minnesota, 1936. The equilibrium concept in business-cycle theory. 1938. *Minnesota.*

GAULT W. LYNN, A.B., Pomona, 1932. Monetary theories of J. M. Keynes. 1938. *California.*

KATHLEEN MACARTHUR, A.B., Manitoba, 1928; A.M., Chicago, 1934. The economic ethics of John Wesley. 1937. *Chicago.*

HELEN J. MELLON, A.B., Brooklyn, 1935; M.A., Columbia, 1936. Development of qualitative credit theory. 1938. *Columbia.*

ROBERT D. PATTON, B.S., Ohio State, 1922; M.A., 1926. The concept of law in classical theory. 1937. *Ohio State.*

MARTIN J. PLOTNIK, Dipl. Agr., Berlin, 1926. Werner Sombart and his type of economics. 1937. *Columbia.* Accepted.

VIRGIL SALERA, B.S., California, 1935; M.A., 1936. Francesco Ferrara and the classical economists. 1939. *Minnesota.*

CLAUDE LAURENCE STINNEFORD, B.S., Colby, 1926; A.M., Brown, 1927. An analysis of current wage and hour doctrines. 1938. *Chicago.*

MERTON PHILIP STOLTZ, B.B.A., Minnesota, 1934; A.M., Brown, 1936. A critical survey of recent contributions to international trade theory. 1939. *Minnesota.*

PAUL MARLOR SWEEZY, Ph.D., Harvard, 1937. The limitation of the vend: a study in monopoly and competition. Accepted.

DIMITRY V. VARLEY, B.A., Columbia, 1930; M.A., 1930. Theories of business cycles. 1938. *Columbia.*

SAMUEL WILCOX, B.A., Richmond, 1933; M.A., Virginia, 1936. Veblen's criticisms of the Austrians and classicists. 1938. *Virginia.*

JOHN BURR WILLIAMS, S.B., Harvard, 1923; M.B.S., 1925. The theory of investment values. *Harvard.* Completed.

Economic History and Geography

E. J. ALLEN, Ph.D., Columbia, 1936. The Second United Order among the Mormons. (Published in Columbia Studies in History, Economics, and Public Law.)

SVEN AXEL ANDERSON, Ph.D., Columbia, 1936. The Viking business. (Published in Columbia Studies in History, Economics, and Public Law.)

AEROL ARNOLD, Ph.B., Chicago, 1931. Economic trends at the end of the sixteenth century. 1937. *Chicago.*

L. E. ATHERTON, A.B., Missouri, 1927; A.M., 1930. The frontier merchant, 1825-40. *Missouri.*

JOSEPH CANNON BAILEY, A.B., Illinois, 1924; A.M., Columbia, 1933. The Upper Mississippi Valley; an economic and social history of its agricultural life. 1938. *Columbia.*

THOMAS S. BERRY, B.S., Harvard, 1927. Wholesale commodity prices in the Ohio Valley, 1816-1860. 1938. *Harvard.*

LYMAN D. BOTHWELL, A.B., Arizona, 1933; A.M., Michigan, 1934. Puerto Rico's economic development, 1836-1936. 1939. *Michigan.*

CHARLES BRAGMAN, B.S., New York, 1933. Early unemployment relief and legislation in Great Britain to the eighteenth century. 1938. *Columbia.*

WALLACE T. BUCKLEY, Ph.D., Ohio State, 1936. A geography of the Yakima Region. Completed.

JOHN ALTON BURDINE, A.B., Texas, 1926; A.M., Harvard, 1933. Regulation of industry in Massachusetts, Pennsylvania and Tennessee before 1875. *Harvard.*

FRANCES SERGEANT CHILDS, A.B., Bryn Mawr, 1925; A.M., Columbia, 1927. Economic and cultural activities of the French émigrés in the eastern United States. 1937. *Columbia.*

CLARENCE H. DANHOF, A.B., Kalamazoo, 1932; A.M., Michigan, 1933. The structure of American economic society, 1850-1860. 1939. *Michigan.*

WILLIAM HENRY DEAN, JR., A.B. Bowdoin, 1930. The theory of the geographic location of economic activities (with special reference to problems of historical change). *Harvard.*

GEORGE A. DOUGLAS, A.B., Michigan, 1926; Ph.M., Wisconsin, 1930. The economic history of Frederick County, Maryland. 1938. *Johns Hopkins.*

BERNARD DRELL, Ph.B., Chicago, 1931; A.M., 1934. Democracies in conflict: agrarianism and industrialism in the Jeffersonian era. 1937. *Chicago.*

ROBERT A. EAST, A.B., Williams, 1931; A.M., Columbia, 1932. A study of American capitalism in the American Revolutionary era. 1937. *Columbia.*

SELMA EVELYN FINE, Ph.D., Radcliffe, 1937. Production and the excise in England, 1650-1825. Accepted.

JOHN D. FORBES, Ph.D., Harvard, 1937. The Port of Boston, 1783-1815. Accepted.

MIRIAM KOTTLER FREUND, Ph.D., New York, 1936. Jewish merchants in Colonial America: their achievements and their contributions to the development of America. Accepted.

J. A. GATHINGS, A.B., Furman, 1925. American policy with respect to the property of alien enemies. 1937. *Chicago.*

MARION HOFFMAN GOTTFREID, B.S., Wisconsin, 1935; M.Ph., 1936. The rise of the merchant class in Colonial Massachusetts. 1939. *Wisconsin.*

EMIL FRANK HEINTZ, B.E., LaCrosse State Teachers, 1930; M.Ph., Wisconsin, 1932. The large estate in New York during the eighteenth century. 1940. *Wisconsin.*

WILLIAM R. HOGAN, A.B., Trinity, 1929; A.M., Texas, 1932. Social and economic history of the republic of Texas. 1938. *Texas.*

G. R. HUGHES, A.B., Nebraska, 1929. Land ownership in ancient Egypt. 1937. *Chicago.*

HAROLD HUTCHESON, Ph.D., Johns Hopkins, 1936. Tench Coxe. Accepted.

SISTER MARIETTA (JENNINGS), A.B., St. Catherine's, 1919; A.M., Columbia, 1925. The pioneer merchant of Missouri, 1809-1829. 1937. *Columbia.*

E. S. JOHNSON, A.B., Baker, 1918; A.M., Chicago, 1932. The natural history of the central business district. 1937. *Chicago.*

ISABEL T. KELSAY, A.B., Tennessee, 1927; A.M., Wisconsin, 1928. The anti-rent movement in New York. *Columbia.*

M. D. KENNEDY, A.B., Clark, 1929; A.M., 1930. A history of French slavery, 1815-48. 1937. *Chicago.*

JOHN H. KRENKEL, B.S., Illinois, 1933; A.M., Claremont, 1935. History of internal improvements in Illinois. *Illinois.*

JAMES W. LIVINGOOD, B.S., Gettysburg, 1932; A.M., Princeton, 1934. Commercial rivalry of Baltimore and Philadelphia for the Pennsylvania hinterland, 1783-1860. *Princeton.*

Margaret E. Martin, A.B., Barnard, 1933; A.M., Columbia, 1934. Merchants and trade of the Connecticut River Valley, 1750-1820. 1938. *Columbia.*

Clarence H. Matterson, Ph.D., Harvard, 1936. English trade in the Levant, 1693-1753. Accepted.

Howard Quincy Miller, B.A., Wisconsin, 1929; M.A., 1933. The rise of the merchant class in Colonial New York. 1940. *Wisconsin.*

Carl Henry Monsees, B.A., Roanoke, 1922; M.A., Pennsylvania, 1925. Resources of Maryland, with reference to possible state minima in living standards. 1939. *American.*

Alen W. Moyer, A.B., Randolph-Macon, 1927; A.M., Columbia, 1935. Economic and political transition in Virginia. 1938. *Columbia.*

Jean Elizabeth Murray, Ph.D., Chicago, 1936. The fur trade in New France and New Netherlands prior to 1645. Accepted.

Raymond Arthur Plath, B.S., Wisconsin, 1933; M.Ph., 1936. British colonial land policy, 1713-1775. 1939. *Wisconsin.*

Hazel A. Pulling, Ph.B., Chicago, 1930; A.M., 1931. Social factors in the small-holdings movement in England, 1870-1907. 1937. *Chicago.*

Ralph Hyden Records, Ph.D., Chicago, 1936. Land as a basis for economic and social discontent in Maine and Massachusetts to 1776. Accepted.

Marion L. Rice, A.B., Wyoming, 1931; A.M., 1932. John Holker: a study of French business activity in America during the American Revolution. 1937. *Chicago.*

Hazel Riggs, A.B., Kansas, 1930; A.M., 1923. Irrigation policy of the United States with special reference to the Kansas-Colorado area. *Kansas.*

Robert J. Schneider, B.B.A., Washington, 1928; M.B.A., 1929. Distribution of wealth and income in four townships, New York State, 1855. 1937. *Yale.*

Warren Candler Scoville, A.B., Duke, 1934. The French glass industry, 1640-1740. 1938. *Chicago.*

Fayette B. Shaw, Ph.D., Harvard, 1936. The economic development of Joliet, Illinois, 1830-1870. Accepted.

Anne T. Sheedy, A.B., Smith, 1922; A.M., Columbia, 1923. Economic and social conditions as reflected in the works of Bartolus. 1937. *Columbia.*

O. A. Shefveland, B.A., St. Olaf, 1916; M.B.A., Northwestern, 1927. Certain economic attitudes of Theodore Roosevelt. 1937. *Iowa.*

Catherine H. Smith, A.B., Agnes Scott, 1922; A.M., Chicago, 1927. Social and economic factors in British imperialism in the 1880's. 1937. *Chicago.*

Eleanor E. Smith, A.B., Smith, 1935; A.M., Chicago, 1936. Sir Giles Mompesson, monopolist. 1937. *Chicago.*

Maxine Yaple Sweezy, A.B., Stanford, 1933; A.M., 1934. The economics of expansion: Germany, 1933 to 1936- . *Radcliffe.*

Robert T. Thompson, A.B., Wake Forest, 1917; A.M., 1918. The eastern merchant, 1790-1840. 1937. *Columbia.*

Robert Tilove, A.B., New York, 1934; A.M., 1935. The development of a wage earning population in the early Middle West. *Iowa.*

Hugh J. Wilt, A.B., St. Vincent, 1928; B.A., Cambridge, 1934. Germany's economic and cultural interests in China, 1896-1910. 1938. *Columbia.*

Florence May Woodard, Ph.D., Columbia, 1936. The town proprietors in Vermont. (Published in Columbia Studies in History, Economics, and Public Law.)

Agriculture, Mining, Forestry, and Fisheries

Ira W. Arthur, B.S., Iowa State College, 1916; M.S., 1927. Public regulation of livestock marketing. 1938. *Minnesota.*

George Edwin Britnell, B.A., Saskatchewan, 1929; M.A., Toronto, 1934. Standards of living in the agricultural communities of Saskatchewan. 1937. *Toronto.*

Arthur C. Bunce, B.S.A., Saskatchewan, 1926; M.S., Wisconsin, 1935. Economic nationalism and the farmer. 1937. *Wisconsin.* Accepted.

Mary E. Cameron, A.B., Mississippi, 1929; A.M., 1931. Bituminous Coal Conservation act of 1935: a study in federal legislation and constitutional construction. *Cornell.*

WILLIAM H. DANKERS, Ph.D., Minnesota, 1936. An economic analysis of the cost and utilization of power supplied by horses on Minnesota farms. Accepted.

CHARLES S. DAVIS, B.S., Alabama Polytechnic, 1931. King Cotton in Alabama. *Duke.*

IRVING G. DAVIS, Ph.D., Harvard, 1937. Types of farming and types of farming areas in Connecticut. 1937. Accepted.

ROBERT G. DEUPREE, Ph.D., Johns Hopkins, 1937. The Baltimore wholesale fresh fruit and vegetable market. Accepted.

RUTH KATHRYN DUNHAM, B.A., Wisconsin, 1933; M.A., 1936. The relation between tobacco cultivation and western land speculation, 1765-1776. 1940. *Wisconsin.*

SELMER A. ENGENE, B.S., Minnesota, 1931. An economic analysis of the production and utilization of roughage on southern Minnesota farms, and its effect on farm organization and earnings. 1938. *Minnesota.*

FRANK L. FLEMING, B.S., Kansas State College, 1914; M.S., Wyoming, 1928. An evaluation of the economic benefits to farmers of the adjustment program for corn and hogs. 1938. *Minnesota.*

LILLIAN FRANCES GATES, A.B., British Columbia, 1924; A.M., Clark, 1926; A.M., Radcliffe, 1930. Canadian land policy, 1837-1867. *Radcliffe.*

SAMUEL J. GILBERT, B.S., Kansas State College, 1921; M.S., Wisconsin, 1932. Utilization of Wisconsin crop land by soil areas. 1938. *Wisconsin.*

RAYMOND A. GOOD, A.B., Northern State Teachers, 1930. The history of copper mining in Michigan. *Michigan.*

MARVIN HALLDORSON, B.A., Colorado, 1933; M.A., 1937. Matanuska Valley colonization project. *Colorado.*

JULIAN A. HODGES, B.S., Kentucky, 1917; M.S., 1923. The principle of comparative advantage applied to farm organization as found in type-of-farming areas in Kansas. 1938. *Harvard.*

HAROLD F. HOLLANDS, B.S., Minnesota, 1923. Economic problems of Minnesota coöperative creameries, with special reference to membership relations. 1938. *Minnesota.*

ROBERT R. HORNER, A.B., Michigan, 1926; A.M., 1927. Determination of dairy product prices. 1938. *Michigan.*

WILLIAM A. ITTER, B.S., Lafayette, 1926; A.M., Pennsylvania, 1932. Social aspects of the early anthracite industry in Pennsylvania, 1820-60. *Pennsylvania.*

HAROLD G. KENESTRICK, Ph.D., Ohio State, 1936. The progress of former vocational agricultural students towards farm ownership. Completed.

ALAN C. LANYON, B.S., Johns Hopkins, 1936. Anthracite: the decline of an industry. 1938. *Johns Hopkins.*

HARALD C. LARSEN, B.S., South Dakota State College, 1929; M.S., Kansas State College, 1930. Relation of land income to land value in Wisconsin. 1938. *Wisconsin.*

HENRY E. LARZELERE, B.A., Oberlin, 1933; M.S., Ohio State, 1934. The A.A.A. and the marketing of Wisconsin tobacco. 1938. *Wisconsin.*

GUY ANDERSON LEE, A.B., Wabash, 1932; A.M., Harvard, 1934. The history of grain storage in Chicago. *Harvard.*

JOHN G. MCNEELY, B.S., South Dakota, 1933; M.S., 1934. The economic aspects of rural county zoning in Wisconsin. 1938. *Wisconsin.*

EDMOND S. MEANY, JR., Ph.D., Harvard, 1936. The history of the lumber industry in the Pacific Northwest to 1917. Accepted.

ARTHUR NEWELL MOORE, A.B., Harvard, 1923; A.M., 1925. History and problems of agricultural credit in the South. *Harvard.*

THURMOND LARKIN MORRISON, B.A., Texas, 1930; M.A., 1931. The sulphur industry. 1938. *Texas.*

HERBERT CARPENTER MORSE, A.B., Oberlin, 1932. Milk control. 1938. *Columbia.*

WILLIAM F. MUSBACH, B.S., William and Mary, 1935. A critical analysis of the concepts and methods of land classification used in the United States. 1938. *Wisconsin.*

THEODORE NORMAN, A.B., Harvard, 1930; A.M., 1932. Government aid and regulation of agriculture since the war. *Harvard.*

M. WORTH OSWALD, B.A., Whitman, 1931. Columbia Basin project: power irrigation. 1938. *California.*

WILLIAM R. PABST, JR., Ph.D., Columbia, 1937. Butter and oleomargarine: an analysis

of a competing industry. (Published in Columbia Studies in History, Economics, and Public Law.)

WILLARD P. RANNEY, B.S., Illinois, 1917; M.S., 1928. An analysis of the effect of price changes on the factors affecting earnings on selected dairy farms in southeastern Minnesota. 1938. ***Minnesota.***

STANLEY RAPPEPORT, A.B., Johns Hopkins, 1935. Cotton tenancy in the Mississippi Delta. 1938. *Johns Hopkins.*

ARTHUR HUBER REDFIELD, B.A., George Washington, 1913; M.S., 1925. Nationalism in the international petroleum trade. 1938. ***American.***

GEORGE A. SALLEE, B.S., Illinois, 1925; M.S., Minnesota, 1928. An economic study of the utilization of labor on Minnesota farms. 1938. ***Minnesota.***

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NATHAN REICH, A.B., McGill, 1925; M.A., 1926. The organization of industrial relations in the Weimar Republic. *Columbia.* Accepted.

JOHN REESE RICHARDS, Ph.D., Chicago, 1936. The influence of location on industrial unemployment and wage loss in Pennsylvania, 1927-34. Accepted.

THOMAS HOBEN ROBINSON, Ph.D., Chicago, 1936. The Amalgamated Society of Engineers, 1851-92: a mid-Victorian "model" trade society. Accepted.

REGINALD HOOD SCOTT, A.B., Toronto, 1922. The attitude of economists toward trade unions, with special reference to the theory of collective bargaining. 1938. *Chicago.*

FRANK B. SESSA, A.B., Pittsburgh, 1933; A.M., 1934. Labor disturbances in western Pennsylvania, 1837-77. *Pittsburgh.*

J. WHITNEY SHEA, A.B., Houghton, 1931; M.A., Columbia, 1936. The New York State Federation of Labor. 1939. *Cornell.*

C. K. SMITH, A.B., Saskatchewan, 1921; A.M., Minnesota, 1931. A comparison of the philosophy and tactics of the independent labor party with those of the labor party of England, 1924-1931. 1937. *Chicago.*

ROBERT W. SMITH, A.B., Kansas, 1924; A.M., Idaho, 1933. History of labor organization in the Coeur d'Alene. *California.*

CRAIG THOMPSON STOCKDALE, A.B., Wooster, 1931; A.M., Princeton, 1934. Collective bargaining in the anthracite coal industry since 1930. 1937. *Princeton.*

SIDNEY SUFRIN, B.A., Penn, 1931. The economic theory of wage-hour legislation and trade-union controls. 1938. *Ohio State.*

HELEN WOOD, A.B., Wellesley, 1928; A.M., Columbia, 1932. The rôle of the public in labor relations. 1938. *Columbia.*

DAVID ZISKIND, Ph.B., Chicago, 1923; J.D., 1925; M.A., Southern California, 1933. Strikes in government employment. 1937. *Johns Hopkins.*

Money, Prices, Credit, and Banking

JOHN S. M. ALLELY, B.A., Queen's, 1929. International monetary factors in the depression of 1929. *Harvard.*

ARTHUR Z. ARNOLD, Ph.D., Columbia, 1937. Banks, credit and money in Soviet Russia. (Published by Columbia University Press.)

VICTOR W. BENNETT, B.A., Pennsylvania College, 1917; M.A., Pittsburgh, 1924. An economic historical analysis of the federal land bank system. 1937. *Washington.* Accepted.

ARTHUR BLASER, Ph.B., Yale, 1929; M.B.A., Harvard, 1932. Federal Reserve Bank of Cleveland. 1938. *Columbia.*

ROBERT W. BRADBURY, Ph.D., Michigan, 1937. Money and banking in Mexico. Accepted.

COURTNEY C. BROWN, B.S., Dartmouth, 1926. Notes on liquidity theory. 1938. *Columbia.*

FRANK SAMUEL CARROLL, B.S., Washington, 1922; M.S., Columbia, 1931; M.B.A., Washington, 1931. Unsecured bank credit. 1938. *American.*

ALBERT YU-WEI CHANG, M.B.A., Michigan, 1930. Cyclical fluctuations in federal reserve member bank data by districts. 1937. *Chicago.*

JAMES ARTHUR COBLE, A.B., Illinois, 1930; A.M., 1931. Demand for gold. 1937. *Chicago.*

CHARLES G. COIT, A.B., Michigan, 1921; A.M., Columbia, 1929. History of the Federal Reserve Bank of Richmond. 1938. *Columbia.*

ANNABELLE GERTRUDE CORRIGAN, Sc.B., New York, 1932; A.M., Columbia, 1935. Collapse of gold exchange standards. 1937. *Columbia.*

LAWRENCE A. CUSACK, Ph.D., Iowa, 1936. The operation of the federal farm loan system, with particular reference to the federal land banks. Accepted.

EDWIN DING, A.B., Fukien Christian; M.A., Southern California, 1926; M.A., Harvard, 1927. The Central Bank of China. 1937. *Southern California.*

WILFRED G. DONLEY, Ph.D., California, 1937. An analysis of building and loan associations in California, 1920-35. Completed.

JOHN T. DUNLOP, A.B., California, 1935. The rôle of wage rigidities in the business cycle. 1938. *California.*

MORRIS EUGENE GARNSEY, Ph.D., Harvard, 1937. Belgian monetary and banking policy under inflation and deflation, 1919-1936.

MILTON GILBERT, B.S., Temple, 1931; M.A., Pennsylvania, 1933. Currency depreciation in the latest depression. 1938. *Pennsylvania.*

ALBERT O. GREEF, Ph.D., Harvard, 1936. The commercial paper house in the United States. Accepted.

CHARLES A. HALES, A.B., Randolph-Macon, 1925. The history of the Baltimore Clearing House. 1937. *Johns Hopkins.*

CARL OSCAR HANSON, Ph.D., Iowa, 1936. An analytical comparison of national and state banking laws, with special reference to provisions relating to banking soundness. Accepted.

EDWIN R. HAWKINS, A.B., Pennsylvania State, 1929; M.A., California, 1931. Vertical price relationships under resale price maintenance. 1937. *California.*

OSCAR EDWARD HESKIN, B.A., Luther, 1922; M.A., Minnesota, 1927. Economic aspects of the history of banking in North Dakota. 1937. *Minnesota.*

MICHAEL LINDSAY HOFFMAN, A.B., Oberlin, 1935. The relation of fluctuating exchanges to international trade and capital movements. 1938. *Chicago.*

BRANTSON BEESON HOLDER, A.B., North Carolina, 1915; A.M., 1915. The three banks of the State of North Carolina, 1810-1872. 1937. *North Carolina.* Accepted.

ROMEO L. HORNE, Ph.D., Ohio State, 1936. Ricardo's contribution to monetary theory. Completed.

WARREN S. HUNSBERGER, B.A., Yale, 1933. The international financial position of Japan. 1937. *Yale.*

MARK KEITH INMAN, B.A., Acadia, 1925; A.M., Harvard, 1928. Experience in Canadian banking, 1929-1934. *Harvard.*

J. W. KEENER, B.A., Birmingham-Southern, 1928; M.A., Chicago, 1930. The theory of bank reserves, with special reference to 100 per cent reserve plans. 1938. *Ohio State.*

KENDALL KIMBERLAND, A.B., Columbia, 1929; A.M., 1935. Service charges in American banking. 1938. *Columbia.*

CHARLES POOR KINDLEBERGER, A.B., Pennsylvania, 1932; A.M., Columbia, 1934. International short-term capital movements. 1937. *Columbia.* Accepted.

ERIC WILFRED LAWSON, B.A., Emory and Henry, 1933; M.A., Virginia, 1936. Survey of national banking in Virginia from 1923 to 1935. 1938. *Virginia.*

CHOH-MING LI, Ph.D., California, 1937. International trade under silver exchange: China, 1888-1935.

JAMES MCCREARY, A.B., Municipal University of Omaha, 1936; A.M., Colorado, 1937. A history of silver legislation in the United States. *Colorado.*

CAPTAIN WILLIAM MCKEE, A.B., Ottawa, 1920; A.M., Chicago, 1924. Earning assets of banks in the Shenango and Mahoning Valleys in years of prosperity and depression from 1927 to 1936, inclusive. 1937. *Chicago.*

HENRY S. MILLER, A.B., Columbia, 1924; M.A., Teachers College, 1929. Price control under the fascist régime. 1938. *Columbia.*

SCOTT P. F. NAN, A.B., Park, 1923; A.M., Chicago, 1931. A study of agricultural credit facilities in China. 1938. *Pennsylvania.*

MILDRED BUZEK OTENASEK, A.B., Notre Dame of Maryland, 1936. Federal farm credit. 1939. *Johns Hopkins.*

JAMES D. PARIS, A.B., Columbia, 1929; A.M., 1931. Currency depreciation: its economic effects. 1938. *Columbia.*

W. NELSON PEACH, A.B., Loyola, 1935. The security affiliates of commercial banks. 1938. *Johns Hopkins.*

JOHN H. G. PIERSON, B.A., Yale, 1927. The possibilities of monetary control. 1938. *Yale.*

HAROLD S. ROBERTS, B.S.S., College of the City of New York, 1934. Problems of labor in the anthracite coal industry. 1938. *Columbia.*

ROLAND I. ROBINSON, Ph.D., Michigan, 1937. National bank failures, 1902-1931. Accepted.

MAURICE O'REAR ROSS, Ph.D., Chicago, 1936. An analysis of commercial banking in the State of Indiana. Accepted.

RAYMOND JOSEPH SAULNIER, B.S., Middlebury, 1929; A.M., Tufts, 1931. The development of monetary doctrines after 1914. 1938. *Columbia.*

PHILIP P. SCHAFFNER, A.B., Princeton, 1933; M.A., Ohio State, 1936. The clearing principle and money theory. 1938. *Ohio State.*

DONALD SHAM, A.B., Redlands, 1927; M.A., California, 1930. The United States postal savings system. 1937. *California.*

JULIUS SHISHKIN, A.B., Rutgers, 1934; A.M., 1936. Guarantee of bank deposits. 1938. *Columbia.*

NATHAN L. SILVERSTEIN, B.A., California at Los Angeles, 1928. A critical appraisal of the devaluation policy of the United States. 1936. *Wisconsin.* Completed.

EDWARD S. SIMMONS, Ph.D., Ohio State, 1936. Banking in relation to capital formation. Completed.

H. GRADY SLOAN, A.B., Baylor, 1924. Some economic and financial influences of Reconstruction Finance Corporation operation, with particular reference to American banking. 1937. *Chicago.*

SYLVESTER SMITH, B.A., Montana, 1929. A comparative analysis of New York and London money rates since 1920. 1937. *California.*

THOMAS H. SMITH, B.A., Columbia, 1922; M.B.A., Harvard, 1924. The sterilization of gold and its relationship to the stability of bank reserves. 1937. *Wisconsin.*

ALEXANDER M. STEPANZOFF, A.B., Montana, 1927. Banking system of Soviet Russia. 1937. *Columbia.*

MILTON L. STOKES, B.A., Toronto, 1920; M.A., 1922; LL.B., 1926. The development and present position of central banking in China. 1938. *Pennsylvania.*

TSUNG-YU SUN, Ph.B., Chicago, 1925; M.S., Columbia, 1925. Chinese monetary theories. 1937. *Columbia.*

GLENN W. SUTTON, A.B., Indiana, 1926; M.A., 1927. An analysis of the monetary policies of the New Deal. 1938. *Ohio State.*

FRANCESCO TAMAGNA, J.D., Pavia, 1934. Banking structure and policies in China. 1937. *Yale.*

FRANK J. TAMBURELLO, B.C.S., New York, 1931. Federal Reserve Bank of Philadelphia: an economic and banking survey. 1937. *Columbia.*

GEORGE S. TENG, B.A., Wisconsin, 1933; M.A., 1934. The international effects of the recent American silver purchase. 1937. *Wisconsin.* Completed.

ROBERT C. TURNER, A.B., Hiram, 1930; M.B.A., Northwestern, 1932. Interest rates and member bank borrowing. 1937. *Ohio State.*

WILLIAM WILLIS TURNER, Ph.D., Brown, 1936. Trends in the resources, liabilities and net worth of Rhode Island and Massachusetts banks, 1891-1933. Accepted.

ARTHUR REINHOLD UPGREN, B.A., Wisconsin, 1920. Monetary policy in relation to price and output. 1937. *Minnesota.*

FRED WILLIAM WAGNER, B.A., Washington, 1930; M.B.A., 1931. Savings and savings institutions, with special reference to the State of Washington. 1937. *Washington.*

EVERETT G. WALK, B.A., Ohio Wesleyan, 1931; M.B.A., Pennsylvania, 1933. Loans to federal agencies and their relationships to the capital market. 1937. *Pennsylvania.*

YUAN-CHAO WANG, A.B., Tsinghua, 1930. German exchange control, 1931-1936: a study of the causes of its introduction, its technique, and its economic effects. *Harvard.*

LEO JOHN WEARING, B.A., Creighton, 1922; M.A., Kansas, 1929. Credit relations as an imperial and a federal problem, 1765-1787. 1937. *Wisconsin.*

WELDON WOODROW WELFLING, A.B., Swarthmore, 1933; A.M., Princeton, 1935. Savings banks during the depression. 1937. *Princeton.*

J. M. WHITSETT, A.B., Texas, 1926; M.A., Ohio State, 1928. Development of national and state banking in Ohio, 1920-1936. 1937. *Ohio State.*

BRAYTON F. WILSON, Ph.D., Harvard, 1936. Some causes of inactivity of the factors of production. Accepted.

ELMER WOOD, Ph.D., Harvard, 1937. English theories of central banking control, 1819-1858. Accepted.

Public Finance, Taxation, and Tariff

PEDRO E. ABELARDE, A.B., California, 1928; A.M., 1930. American tariff policy. 1937. *Columbia.*

OSCAR LOUIS ALTMAN, Ph.D., Chicago, 1936. Chicago's experiment in personal property taxation, 1931-36. Accepted.

CHARLES ARTHUR ANNIS, Ph.D., Cornell, 1936. A study of Canadian tariffs and trade agreements. Accepted.

GEORGE H. AULL, B.S., Clemson, 1919; M.A., Virginia, 1928. A study of inequalities of taxation in South Carolina. 1937. *Wisconsin.*

RICHARD C. BAKER, A.B., Harvard, 1926; A.M., Cornell, 1927. Roosevelt and the tariff. 1938. *Columbia.*

FREDERICK HORNER BUNTING, A.B., University of the South, 1927. Federal-state relations in the financing of relief. 1938. *North Carolina.*

EDWARD GORDON CORNEILUS, Ph.D., Vanderbilt, 1936. A study of taxation in Kansas. Accepted.

CLARENCE HONEYWELL CURTIS, A.B., Queen's 1933; A.M., 1934. The financial problems of government in Canada in relation to constitutional development. 1938. *Chicago.*

JAMES CARLTON DOCKERAY, Ph.D., Ohio State, 1936. Public utility taxation in Ohio: a statistical study. Completed.

Joseph Carlyle Ellett, A.B., Richmond, 1932; M.A., Virginia, 1933. Federal relief expenditures from 1932 to 1936. 1938. *Virginia.*

Eric Englund, Ph.D., Harvard, 1936. Taxation in Kansas. Accepted.

Edward A. Fuhlbruegge, Ph.D., New York, 1936. New Jersey finances during the American Revolution. Accepted.

Eugene O. Golob, A.B., Columbia, 1934; A.M., 1935. Agriculture and protectionism in France, 1881-1914. 1938. *Columbia.*

William Luster Grenoble, B.A., Richmond, 1935. History of the Virginia state debt. 1938. *Virginia.*

C. Lowell Harriss, B.S., Harvard, 1934. The taxation of gifts in the United States. 1938. *Chicago* or *Columbia.*

Benjamin Howard Higgins, B.A., Western Ontario, 1933; M.Sc., London, 1935. Taxation, public expenditure, and the price structure. 1939. *Minnesota.*

Charles H. Howe, B.S., Kansas State, 1922; M.S., Maryland, 1923. Assessment and collection of farm real estate taxes in Kansas. 1938. *Wisconsin.* Accepted.

Edward G. Keith, Ph.D., Harvard, 1937. The financial history of two textile cities. Accepted.

Will Floren Kissick, B.S., Monmouth, 1925; M.A., Iowa, 1929. Methods for the determination of urban site value for tax purposes. 1937. *Iowa.*

Laurence Stevens Knappen, A.B., Wisconsin, 1920; A.M., Rutgers, 1933. Revenue bonds. 1938. *Columbia.*

Calvin T. Kraft, Ph.D., Harvard, 1937. The financial relationship between the provinces and the Dominion of Canada. Accepted.

Orville J. McDiarmid, Ph.D., Harvard, 1936. Protection and Canadian industrial development. Accepted.

Beryl Alonzo May, Ph.D., Iowa, 1936. A study of urban property tax delinquency in Iowa. Accepted.

Jean H. Mulliken, Ph.D., Radcliffe, 1937. Competitive trade in the long-staple cotton trade, with special reference to the tariff. Accepted.

Herbert E. Newman, A.B., Birmingham-Southern, 1936. An analysis of the federal debt, 1914-1937. 1939. *Virginia.*

Edmund Anthony Nightingale, B.B.A., Minnesota, 1933; M.A., Minnesota, 1936. Taxation in Great Britain: an economic analysis of the British national and local systems and the corresponding American systems, with special reference to problems of regulation and administration. 1938. *Minnesota.*

Herman C. Nolen, B.A., Wisconsin, 1921; M.S., North Carolina, 1933. Chain-store taxation. 1937. *Ohio State.*

Kenneth H. Parsons, B.A., Butler, 1927. State aids in Wisconsin. 1938. *Wisconsin.*

Kenyon E. Poole, A.B., Harvard, 1929; A.M., Fletcher School of International Law and Diplomacy, 1934. Public works in United States and Germany. *Harvard.*

Catherine G. Ruggles, A.B., Radcliffe, 1932. The financial history of the city of Cambridge, 1846-1929. *Radcliffe.* Completed.

George T. Schaefer, B.S., South Dakota State, 1933. A study of school finances in the marginal land areas of northeastern Wisconsin. 1938. *Wisconsin.*

Daniel T. Selko, B.A., Wabash, 1928. Special districts in New York State. 1936. *Yale.* Completed.

Leroy A. Shattuck, Jr., A.B., Dartmouth, 1935. Restrictions upon municipal indebtedness. 1938. *Johns Hopkins.*

Lloyd B. Snyder, B.S., Iowa, 1915; M.S., 1929. The tax system of Nebraska, with special reference to its relation to agriculture. 1937. *Minnesota.*

Paul Johnston Strayer, A.B., Swarthmore, 1933; A.M., Columbia, 1935. The problem of lower-bracket income taxation. 1938. *Columbia.*

J. Wilner Sundelson, B.S., Columbia, 1930; A.M., 1931. Budgetary systems in national and state finances. 1937. *Columbia.* Accepted.

Henry Hilgard Villard, A.B., Yale, 1932; B.A., Cambridge, 1934. Government spending and its American repression (1921-1936). 1938. *Columbia.*

CLAUDE J. WHITLOW, A.B., South Dakota, 1921; A.M., 1924. The general property tax in South Dakota. 1938. *Michigan.*

WALTER C. WILSON, A.B., Nevada, 1931; A.M., Clark, 1933. A financial history of Worcester, Massachusetts. *Clark.*

Population and Migration

LAWRENCE R. CHENAULT, B.B.A., Texas, 1920; M.A., Wayne, 1932; C.P.A., Texas. Puerto Rican migration to New York City. 1937. *Columbia.*

C. E. GLICK, A.B., DePauw, 1927; A.M., Chicago, 1928. The Chinese colonization of Hawaii: a study in race mixture and assimilation. 1937. *Chicago.*

OSCAR HANDLIN, A.B., Brooklyn College, 1934; A.M., Harvard, 1935. Racial history of Boston, 1790-1865. *Harvard.*

MARGARETH JORGENSEN, B.S., Minnesota, 1923; A.M., 1930. Some state efforts to secure immigration. *Columbia.*

DMITRY C. KAPATZINSKY, A.M., Columbia, 1933. Population problem in Czechoslovakia. 1937. *Columbia.*

ALEX LADENSON, B.S.L., Northwestern, 1929; J.D., 1932; A.M., Chicago, 1935. Aspects of Japanese emigration. 1937. *Chicago.*

A. JANE MOORE, A.B., Bryn Mawr, 1931; A.M., Radcliffe, 1933. A study of selective migration from Vastmanland County, Sweden, to Stockholm. 1937. *Chicago.*

JULIAN J. PETTY, B.S., Denison, 1924; M.A., Harvard, 1929. The settlement and distribution of the population in South Carolina. 1938. *Ohio State.*

HARRY N. M. WINTON, A.B., Stanford, 1932; A.M., 1934. Overland emigration to California, 1841-48. *Stanford.*

GEORGE W. ZINKE, A.B., Lake Forest, 1925; A.M., Southern California, 1931. Malthus and the long period: an attempted reconciliation of the rigidity of the principle of population with the flexibility of the short-period analysis. 1938. *California.*

Social Problems and Reforms

WARREN MAURICE BANNER, A.B., Pennsylvania State, 1933. Survey of negro housing in New York City. 1937. *Pittsburgh.*

CLARENCE QUINN BERGER, A.B., Harvard, 1933; A.M., 1936. Time budgets and human behavior: a methodological study. 1937. *Harvard.*

A. H. BURROWS, Ph.D., Iowa, 1936. A statistical study of juvenile delinquency in Iowa. Accepted.

RICHARD MABIN CARRIGAN, B.S., Wisconsin, 1935. The financing of settlement and the growth of social classes in South Carolina. 1939. *Wisconsin.*

G. E. JOHNSON, Ph.B., Chicago, 1933. The Scandinavians in Chicago. 1937. *Chicago.*

HUGH ALLEN MILLER, B.S., Chicago, 1926. The preferences of the radio audiences in Chicago for certain types of radio programs. 1937. *Chicago.*

CHARLES PRINCE, S.B., St. Louis, 1930; S.M., Washington, 1932. Development of public welfare administration in the United States, 1905-14. *Chicago.*

JOHN WINCHELL RILEY, JR., A.B., Bowdoin, 1930; A.M., Harvard, 1932. Recent changes in group use of leisure. *Harvard.*

FRANCIS SIDNEY WILDER, A.B., Dartmouth, 1925; A.M., North Carolina, 1926. Some class variations in standards of living in North Carolina. 1938. *North Carolina.*

RICHARD L. WOOLBERT, B.A., Illinois, 1927; M.A., Chicago, 1930. The logic used in sociological case studies. 1937. *Iowa.*

Insurance and Pensions

LAURENCE J. ACKERMAN, A.B., Lehigh, 1929; LL.B., Columbia, 1932. The regulation of casualty insurance. 1938. *Pennsylvania.*

FRANCIS T. ALLEN, B.S., Pennsylvania, 1922; M.A., 1930. The rehabilitation or liquidation of insurance companies. 1939. *Pennsylvania.*

VERNON T. CLOVER, B.S., Kansas State, 1934; A.M., 1935. The economic aspects of the unemployment insurance provisions of the Social Security act of 1935. 1937. *Colorado.*

MARTIN E. GRAHAM, B.S., Northwestern, 1935; M.A., Pennsylvania, 1937. Development of the professional concept and of professional standards in their relation to insurance. 1940. *Pennsylvania.*

GERHARD GUSTAV FREDERICK HARTMAN, A.B., Buffalo, 1932; M.B.A., 1935. Hospital liability and malpractice insurance. 1937. *Chicago.*

IRVIN HULL, B.S., Chicago, 1922; M.A., Columbia, 1930. A study of life insurance lapsation in Utah. 1937. *Pennsylvania.*

RICHARD DER. KIP, B.S., Pennsylvania, 1936. Do the educational efforts of academic institutions and insurance companies in America at present meet the needs of those going into business and into insurance business? *Pennsylvania.*

JAMES S. PARKER, B.A., Beloit, 1922; M.B.A., Northwestern, 1928. Economic principles and policies of financial reserves in social security legislation. 1937. *Wisconsin.*

FRED RITCHIE, B.S., Washington, 1932; A.M., 1933; A.M., Princeton, 1934. Workmen's compensation in New Jersey. 1937. *Princeton.*

ELIOT J. SWAN, A.B., California, 1932. Fiscal participation of government in social insurance. 1938. *California.*

L. REED TRIPP, B.A. Union, 1934. Financing the Social Security act. 1938. *Yale.*

A. C. WILT, B.S., Pennsylvania, 1925. A study of workmen's compensation carriers in Pennsylvania. 1938. *Pennsylvania.*

Pauperism, Charities, and Relief Measures

ELEANOR JEANNE FLYNN, Ph.D., Chicago, 1936. Public care of dependent children in Pennsylvania, 1676-1901. Accepted.

HARRY MALISOFF, B.S., New York, 1931; A.M., Columbia, 1934. The development of unemployment compensation in legislation in the United States. 1938. *Columbia.*

CHARLES PRINCE, B.S., St. Louis, 1930; M.S., Washington, 1932. Development of public welfare administration in the United States, 1905-1914. 1937. *Chicago.*

ROBERT EDWARD RAPP, A.B., Stanford, 1926; A.M., 1927. Some aspects of the rural relief problem in California as revealed in ten selected counties. 1937. *Stanford.* Completed.

JOHN HEARLD USEEM, A.B., California, 1934. Study of employment and relief in the rural towns of Massachusetts. 1938. *Harvard.*

EUGENE VINOGRADOFF, B.S., Carnegie Institute of Technology, 1928; M.A., Pittsburgh, 1932. Transiency and unemployment. 1937. *Pittsburgh.*

BEULAH WHITE WALKER, B.A., Iowa, 1933; M.A., 1934. The county almshouses in Iowa. 1937. *Iowa.*

ANITA WELLS, A.B., Kentucky, 1930; M.A., 1931. The allocation of relief funds. 1937. *Kentucky.*

Socialism and Coöperative Enterprises

ORIN E. BURLEY, B.S., Oklahoma Agricultural and Mechanical, 1928; M.A., Ohio State, 1930. The consumers' coöperative as a marketing institution. 1937. *Ohio State.*

VANT WILMOT KEBKER, B.A., Minnesota, 1931; M.A., 1933. An analysis of consumer coöperation as a form of economic control. 1938. *Minnesota.*

EDWARD FRED KOLLER, B.A., Augustana, 1929; M.A., Minnesota, 1933. An economic analysis of representative coöperative associations. 1938. *Minnesota.*

THOMAS H. LE DUC, A.B., Columbia, 1934; A.M., Toronto, 1935. Socialist thought and tactics in America, 1900-19. *Yale.*

RICHARD WILLIAM LEOPOLD, A.B., Princeton, 1933; A.M., Harvard, 1934. Robert Dale Owen. *Harvard.*

MENO LOVENSTEIN, A.B., Richmond, 1930; M.A., Columbia, 1931. Soviet Russia in American economic opinion. 1938. *Johns Hopkins.*

C. E. ROTHWELL, A.B., Reed, 1924; A.M., Oregon, 1929. The rise of the German communist party. *Stanford.*

Statistics and Its Methods

FRANK A. HANNA, B.A., Oklahoma, 1933; M.Ph., Wisconsin, 1934. Measurement of Wisconsin state income, 1929-1936. 1938. *Wisconsin.*

CHIH-YU LO, B.A., Ph.D., Harvard, 1937. A statistical study of prices and markets for electricity. Accepted.

FREDLYN RAMSEY, A.B., Missouri, 1930; A.M., 1930. Economic theory of index numbers. 1937. *Chicago.*

GLENN ALDRICH SCOTT, B.A., Sioux Falls, 1933; M.S., South Dakota State, 1935. An index of business activity in Iowa, 1923 to 1936, based upon all the pertinent data now available, and constructed by statistical methods recently refined by national statistical agencies. 1937. *Iowa.*

NOTES

The next annual meeting of the AMERICAN ECONOMIC ASSOCIATION will be held in Atlantic City, New Jersey, December 28-30, with headquarters at the Chalfonte Hotel and Haddon Hall.

The following names have been added to the membership of the AMERICAN ECONOMIC ASSOCIATION since May 1:

Barbash, J., 325 W. 4th St., New York City.
Bernfield, F. M., The Citadel, Charleston, S.C.
Brossard, E. B., U. S. Tariff Commission, 7th and E Sts. N.W., Washington, D.C.
Ellis, J. F., Carson-Newman College, Jefferson City, Tenn.
Elvove, J. T., U. S. Dept. of Agric., Resettlement Admin., Massachusetts State College, Amherst, Mass.
Erb, D. M., Dept. of Economics, Stanford University, Calif.
Garman, P. L., Internat. Printing Pressmen and Assistants' Union of North America, Pressmen's Home, Tenn.
Glassman, A., 4 Brighton 4th Rd., Brooklyn, N.Y.
Glocker, T. W., University of Tennessee, Knoxville, Tenn.
Halm, G., Tufts College, Medford, Mass.
Herbert, C. H., Sun Life Assurance Co. of Canada, Montreal, Canada.
Langum, J. K., School of Business Admin., University of Minnesota, Minneapolis, Minn.
McFarland, E. D., 9 Dexter Park Ave., Union Stock Yards, Chicago, Ill.
Maclaurin, W. R., Massachusetts Institute of Technology, Cambridge, Mass.
Means, G. C., National Resources Committee, R. 6127, Interior Bldg., Washington, D.C.
Newbury, F. D., W. E. and M. Co., 306 4th Ave, Pittsburgh, Pa
Parsons, K. H., 304 Agricultural Hall, University of Wisconsin, Madison, Wis.
Pierce, J., 1637 R St. N.W., Washington, D.C.
Redlich, F., 500 Riverside Dr., New York City.
Schilling, J. G., 1922 El Dorado Ave., Berkeley, Calif.
Shaw, E. R., 222 W. Main St., Lansing, Mich.
Shiskin, J., Rutgers University, New Brunswick, N.J.
Smith, V. E., Harris Hall, Northwestern University, Evanston, Ill.
Snyder, H. R., McGraw-Hill Book Co., Inc., 330 W. 42nd St., New York City.
Steyne, A. N., American Consulate General, London, England.
Thurston, M. F., 1361 Fairmont Ave. N.W., Washington, D.C.
Watts, V. O., Carleton College, Northfield, Minn.
Westefeld, A., 1734 New York Ave. N.W., Washington, D.C.
Wilson, T. J., c/o Henry Holt and Co., 257 4th Ave., New York City.
Wueller, P. H., 6401 14th St. N.W., Apt. B8, Washington, D.C.
Zwicky, F. J. Hessisch-Oldendorf, b/Hameln/Wiser, Germany.

The Committee on Biometrics of the American Statistical Association has joined with the Committee on Vital Statistics of the American Public Health Association in arranging a meeting to be held in New York City some time between October 5 and 8. Inquiries should be sent to Dr. Lowell J. Reed, Johns Hopkins School of Hygiene and Health, Baltimore, Maryland.

The Pacific Coast Economic Association will hold its sixteenth annual conference December 28-30, at Pomona College, Claremont, California.

The Southern Economic Association will hold its next meeting in Knoxville, Tennessee, instead of in Chattanooga, as stated in the June issue.

A number of papers dealing with economic subjects were presented at the meeting of the Mississippi Valley Historical Association, held at St. Louis, April 29-May 1, 1937. Among these papers were the following: "Was the West a Safety Valve for Labor?" by Joseph Schafer, State Historical Society of Wisconsin; "The Odyssey of an Unbuilt Railroad," by E. D. Branch, University of Pitts-

burgh; "The Birth of the Petroleum Business," by P. H. Giddens, Allegheny College; "Frémont's Later Railroad Activities," by A. V. House, Jr., Wilson Teachers College, Washington, D.C.; "The Populist Labor Alliance of 1894 in Illinois," by C. M. Destler, South Georgia Teachers College; "The Economic Customs of Spanish Louisiana," by J. Manuel Espinosa, St. Louis University; "Vicissitudes of Early Reconstruction Farming in the Lower Mississippi Valley," by B. I. Wiley, Hattiesburg State Teachers College.

Information in regard to the research training fellowships and grants-in-aid of research in the social sciences for 1937-38 may be obtained from the secretary of the Social Science Research Council, John E. Pomfret, 230 Park Avenue, New York City. Memoranda received give a list of the post-doctoral research training fellows in the social sciences, 13 in number; the pre-doctoral field fellows in the social sciences, 20 in number; the grant-in-aid appointees, 44 in number, and the southern grant-in-aid appointees, 7 in number.

A prize of $1,000 is offered by the Conference on Jewish Relations for the best essay which will contribute to our knowledge of the occupational distribution of the Jews in the United States. Essays should be submitted before April 30, 1938. Further information may be obtained from Morris R. Cohen, Conference on Jewish Relations, 854 West 181st Street, New York City.

The Theodore Roosevelt Memorial Award announces a prize of $2,500, in addition to book royalties, to be awarded annually for the best manuscript on any political, economic or social phase of contemporary American life. Manuscripts are to be submitted not later than January 6, 1938. Further inquiries as to details of conditions may be obtained from the Committee, Garden City, Long Island, New York.

A prize of $200, given in honor of Professor E. R. A. Seligman for the dissertation printed during the last three years which shows the most scholarly distinction, was awarded to Dr. Joseph Dorfman, lecturer in economics at Columbia University, for his *Thorstein Veblen and His America.*

The bulletin of Sweet Briar College, Sweet Briar, Virginia (vol. xx, no. 2, May, 1937) contains a study entitled "Household Employment: Lynchburg Study," by Gladys Boone.

The H. W. Wilson Company (950-72 University Avenue, New York City) has published *The Union List of Newspapers,* edited by Winifred Gregory (pp. 838, sold on service basis).

Beginning with July, 1937, all decisions of the National Labor Relations Board will be printed at the Government Printing Office and distributed from there by the Superintendent of Documents. No decisions will be available at the offices of the Board. Subscriptions may be had at the rate of $1.50 for a volume of approximately 1,000 pages. Single copies of Board decisions will be available usually at five cents a copy; long decisions may be priced a trifle higher.

Charles N. Hulvey, associate professor of commerce and business administration at the University of Virginia, died May 18, 1937.

Appointments and Resignations

Albert Abrahamson is returning to Bowdoin College as associate professor of economics after two years as director of the W.P.A. for Maine.

Edward D. Allen of the University of Minnesota has been appointed assistant professor of economics at Iowa State University.

W. H. Andrews of Indiana University has been appointed instructor in economics at Purdue University.

H. F. Angus, chairman of the department of economics and political science at the University of British Columbia, was a member of the department of economics at Stanford University during the summer quarter.

John H. Ashworth, head of the department of economics and sociology at the University of Maine, will be on leave during the autumn semester.

Marvin Bacon, instructor in economics at Vanderbilt University, served as statistician for the Personnel Division of the State of Tennessee during the summer.

Frank Bain of St. Mary's College, California, has been made instructor in economics at the University of Kansas.

W. E. Beach of Williams College was a member of the department of economics at Stanford University during the summer quarter.

Spurgeon Bell, formerly director of the Division of Research and Statistics of the Home Owners' Loan Corporation, has been serving on the staff of the Brookings Institution since November, 1936.

T. H. Boggs of the department of economics at Stanford University, served as acting professor of economics at the University of California at Berkeley during the summer session.

Daniel Borth has been promoted from assistant professor to associate professor of accounting at Louisiana State University.

Charles H. Bowen has been promoted from assistant instructor to instructor in economics at the University of Kansas.

D. O. Bowman will be on leave from Purdue University during the academic year 1937-38 and will pursue graduate work at the University of Michigan.

Robert W. Bradbury has been promoted to associate professor of business administration at Louisiana State University and is granted a two-year leave of absence while he serves as chief statistician for the Unemployment Compensation Division of the Louisiana Department of Labor and also as coördinator between the Louisiana Department of Labor and the Louisiana State Employment Service.

Samuel E. Braden has been appointed instructor in economics at Indiana University.

F. A. Bradford of Lehigh University has been promoted to the headship of the department of finance.

Goetz A. Briefs has been added to the staff of the graduate faculty in the department of economics at Georgetown University.

Victor Z. Brink, part-time instructor of accounting at the School of Business, Columbia University, has accepted an appointment as instructor in accounting and finance at the Amos Tuck School.

Robert R. Brooks, formerly of Yale, has been appointed assistant professor of economics at Williams College.

Stephen D. Brown of the College of Economics and Business, University of Washington, has been promoted to the rank of associate professor.

T. T. Bullock has been promoted from associate professor to professor of economics and business law at the University of Nebraska.

Arleigh Roy Burton has been appointed assistant instructor in business organization and management at the University of Nebraska.

Grant I. Butterbaugh, of the College of Economics and Business at the University of Washington, has been promoted to the rank of associate professor.

S. A. Caldwell, acting dean of the Northeast Center of Louisiana State University, returns to the College of Commerce of Louisiana State University as professor of economics.

A. S. Campbell of the University of Florida spent the major part of the summer traveling in Europe.

F. L. Carmichael, professor of statistics in the School of Commerce at the University of Denver, resumes his work as director of business and social studies after a leave of absence while he directed a national study of current changes in the urban relief population under the Works Progress Administration.

Monroe S. Carroll, director of the School of Business at Baylor University, taught accounting in the School of Business Administration at the University of Texas during the summer session.

Wayne F. Caskey, who was statistician in the United States Civil Service Commission at Washington, D.C., since September, 1936, was appointed chief of the Statistical Section in May, 1937.

James E. Chace, Jr., assistant professor of economics at the University of Florida, has been granted a leave of absence for the academic year 1937-38, during which he will pursue graduate work at the University of Chicago.

Morris Chertkov of the College of Economics and Business at the University of Washington has been promoted to the rank of assistant professor.

C. Lawrence Christenson, professor of economics at Indiana University, has been granted a leave of absence for the year 1937-38, when he will be engaged in research in the Scandinavian countries.

Grover Clark, formerly of the National University of Peiping and of Columbia University, has been appointed professor of economics at the University of Denver.

Dana F. Cole has been promoted from associate professor to professor of accounting at the University of Nebraska.

Henry B. Cooley has been appointed assistant professor in the department of economics and business administration at West Virginia University.

Wilfrid H. Crook of Bucknell University has been promoted from assistant professor to associate professor of sociology.

M. G. Dakin, assistant professor of accounting at Oklahoma Agricultural and Mechanical College, has been appointed assistant professor of business law in the College of Commerce at Louisiana State University.

Ernst A. Dauer has been granted a leave of absence from the finance department of the School of Commerce of Northwestern University in order that he may accept an appointment as senior research assistant with the Division of Research and Statistics of the Federal Deposit Insurance Corporation.

R. M. Dawson of the University of Saskatchewan has been appointed associate professor of political science at the University of Toronto.

Ralph L. Dewey has terminated his duties as visiting lecturer in the department of economics at the University of Michigan to become associate secretary of the American Association of University Professors, with headquarters in Washington, D.C.

H. M. Diamond of Lehigh University has been promoted to the headship of the department of economics and sociology.

Z. C. Dickinson, professor of economics at the University of Michigan, is spending the first semester of the present academic year on sabbatical leave studying in Europe.

Edgar J. Dowling has been promoted from assistant instructor to instructor in economics at the University of Kansas.

W. M. Drummond of the University of Toronto has resigned to become head of the department of economics at the Ontario Agricultural College at Guelph.

E. J. Eberling, associate professor of economics at Vanderbilt University, is director of research and statistics in the department of Labor of the State of Tennessee. He supervises the coördination of the Unemployment Compensation and the State Employment Service.

Wilford J. Eiteman of Albion College will serve as assistant professor of economics at Duke University during the absence of Professor Earl J. Hamilton.

Howard S. Ellis, professor of economics at the University of Michigan, taught in the summer session at the University of California.

J. Harold Ennis has been promoted from instructor to assistant professor of economics at the University of Nebraska.

D. M. Erb of the department of economics at Stanford University served as acting professor of economics at the University of Oregon during the summer quarter.

Frank Whitson Fetter of Haverford College has been given leave for the first semester of 1937-38 and is in England studying the development of English theory in the fields of money, banking and international finance in the first part of the nineteenth century.

Allan J. Fisher, instructor in accounting at the University of Pittsburgh, has resigned to accept a position as assistant professor of accounting at American University in Washington.

Irving Fisher of Yale University has been awarded the honorary degree of LL.D. from Lausanne University, Switzerland.

Lyle Fitch has been appointed graduate assistant in the department of business research at the University of Nebraska.

Harold G. Fraine of the University of Minnesota will join the staff of the School of Business Administration at Indiana University as assistant professor of economics.

Albert W. Frey of the Amos Tuck School at Dartmouth College has been promoted from assistant professor to professor of marketing. He spent the second semester of the past year on sabbatical leave, travelling and studying in Europe.

Robert L. Funkhouser, who has been with the Central Statistical Board in Washington for the last two years, has accepted an appointment as instructor in business statistics and assistant dean at the Amos Tuck School, Dartmouth College.

Roy L. Garis, associate professor of economics at Vanderbilt University, is executive assistant to the Commissioner of Institutions and Public Welfare for the State of Tennessee. In this capacity he has under his jurisdiction the assistance phases of the social security law.

Martin G. Glaeser has been granted an extension of his leave from the department of economics of the University of Wisconsin in order to continue his study of the T.V.A. rate structure.

Carter Goodrich, on leave from Columbia University to serve as United States Labor Commissioner in Geneva, came to the United States late in March to attend the Textile Conference in Washington. He returned to Geneva immediately after the Conference and is expected in New York at the end of September.

Harold M. Groves has been promoted from the rank of associate professor to that of full professor in the department of economics at the University of Wisconsin.

Allan G. Gruchy, instructor in finance at Ohio University, offered courses in money and banking during the summer session at the University of Virginia.

Clausin D. Hadley has joined the staff in economics at Indiana University, in charge of the work in statistics.

R. M. Haig, professor of political economy at Columbia University, has returned from a trip to Australia and New Zealand.

John Morrison Handsaker has been appointed instructor in labor in the College of Economics and Business, University of Washington.

Henry R. Hatfield of the University of California, Berkeley, retired in June and became professor emeritus.

William S. Hopkins has resigned from the University of Washington to accept an appointment as assistant professor of economics at Stanford University.

Harold A. Innis becomes the new head of the department of political science and economics at the University of Toronto.

Victor L. Jacobson has been appointed graduate assistant in the department of business organization and management at the University of Nebraska.

L. D. Jennings of the University of Kansas has been granted a year's leave of absence.

H. B. Kirshen of the University of Maine has been promoted to the rank of associate professor and is acting head of the department of economics and sociology.

Herschel F. Jones, graduate assistant in the department of economics at the University of Nebraska, has been appointed assistant instructor in economics.

Erik T. H. Kjellstrom has been added to the staff of the graduate faculty in the department of economics at Georgetown University.

Cheuk Lam Lei, who has just completed his doctorate study at the University of Washington, will teach accounting at Nankai University, Tientsin, China.

Martin L. Lindahl, assistant professor of economics at Dartmouth College, taught in the summer session at the University of Michigan.

Edward L. Lloyd has resigned as associate professor of business administration at Oklahoma Agricultural and Mechanical College to continue his work as chief of the Market Data Section of the federal Bureau of Foreign and Domestic Commerce.

D. C. MacGregor has been appointed assistant professor in the department of political science and economics at the University of Toronto.

Theresa S. McMahon has resigned as professor of labor in the College of Economics and Business of the University of Washington and has been made professor emeritus. After twenty-six years at the University, she will devote her time to writing and travel. She has also been made a member of the National Social Security Board.

James W. Martin, who was on leave of absence from the University of Kentucky to take over the duties of State Commissioner of Revenue of Kentucky, returns on a part-time basis in the autumn to assume general supervision of the Bureau of Business Research of the College of Commerce of the University of Kentucky, continuing also to serve as Commissioner of Revenue.

F. Eugene Melder has resigned as assistant professor in the department of economics and sociology at the University of Maine to take a position as assistant professor of economics at Clark University.

Lloyd Metzler of the University of Kansas has been appointed assistant instructor in economics at Harvard University.

Raymond F. Mikesell has been appointed instructor in economics in the College of Economics and Business at the University of Washington.

Taulman A. Miller has been appointed instructor in economics at Indiana University.

Henry B. Moore, assistant chief of the Marketing Research Division of the

United States Department of Commerce, has been appointed associate professor of economics at the University of Kentucky.

Oskar Morgenstern, professor of economics at the University of Vienna and director of the Bureau of Business Cycle Research, will spend the month of May, 1938, as visiting professor at the University of Minnesota.

Walter A. Morton has been promoted from the rank of associate professor to that of full professor in the department of economics at the University of Wisconsin.

Vernon A. Mund of the College of Economics and Business at the University of Washington, has been promoted to the rank of professor.

Archibald J. Nichol, formerly of the University of Maryland, has been appointed associate professor of economics at the University of California, Berkeley.

C. L. Nichels is employed as examiner by the Division of Building and Loans, State of Ohio.

N. H. Norris of the University of Maryland has been appointed instructor in economics at Purdue University.

Herluf V. Olsen, assistant professor and assistant dean of the Amos Tuck School of Administration and Finance, has been promoted to professor of business statistics and has been appointed dean of the School.

Charles A. O'Neill has been added to the staff of the graduate faculty in the department of economics at Georgetown University.

E. Z. Palmer, who was acting director of the Bureau of Business Research at the University of Kentucky, will serve as assistant director during the coming year.

William A. Patton of the University of Michigan serves as visiting professor of accounting at the University of California, Berkeley, during the coming year.

James C. Pettee of the University of Illinois has been appointed instructor in economics at the University of Kansas.

John A. Pfanner, Jr., has been appointed instructor in economics in the College of Business Administration at the University of Nebraska.

Carl C. Plehn retired in June from active duty at the University of California, Berkeley, and became professor emeritus.

A. F. W. Plumptre has been appointed assistant professor in the department of political science and economics at the University of Toronto.

Karl D. Reyer of the University of Oklahoma has been appointed professor of management at the College of Commerce, Louisiana State University.

Julius Roller of the College of Economics and Business at the University of Washington has been appointed instructor.

Earl R. Rolph of Colgate University has been added to the staff of the University of California at Berkeley as instructor in economics.

John B. Saye has been appointed graduate assistant in the department of economics of the College of Business Administration, University of Nebraska.

Robert C. Searby has been appointed graduate assistant in the department of economics of the College of Business Administration, University of Nebraska.

I. L. Sharfman, chairman of the department of economics at the University of Michigan, returns to his duties after a year spent as research professor in Washington.

E. S. Shaw, assistant professor of economics at Stanford University, has been awarded a social science research fellowship and will devote the coming academic year to study and research in England.

E. Dillon Smith has resigned as professor in charge of economics and industrial administration at Pratt Institute to accept a position as professor of mechanical engineering at the College of the City of New York.

Vernon G. Sorrell of the University of New Mexico offered a course in finance at the School of Business Administration of the University of Texas during the summer session.

Rosalie Stewart of the University of Virginia has been appointed instructor in the department of economics at West Virginia University.

Carl Taylor of the Columbia University graduate school has been appointed instructor in sociology at Hobart College.

W. Bayard Taylor has been promoted from the rank of associate professor to that of full professor in the department of economics at the University of Wisconsin.

E. J. Urwick has retired as head of the department of political science and economics at the University of Toronto.

Roland B. Welch has been appointed to the Miller Paine scholarship in business research in the College of Business Administration at the University of Nebraska.

Ray B. Westerfield, professor of political economy at Yale University, taught courses in banking in the School of Business Administration at the University of Texas during the summer.

Edwin E. Witte of the University of Wisconsin acted on the Labor Board of the State of Wisconsin from its organization the first part of May until he left in the middle of June to teach in the summer session of the University of Washington.

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